

Barclays PLC
 Annual report 2000
 Barclays PLC and Barclays Bank PLC
 Annual report on Form 20-F 2000

Contents

Presentation of information	2	Consolidated accounts	
Financial data	3	Barclays PLC	76
Business description	6	Accounting policies	76
Financial review	12	Accounting presentation	79
Analysis of results by business	15	Consolidated profit and loss account	80
Results by nature of income and expense	21	Statement of total recognised gains and losses	81
Yields, spreads and margins	22	Consolidated balance sheet	82
Average balance sheet	28	Consolidated statement of changes in reserves	84
Capital resources	32	Consolidated cash flow statement	85
Deposits	33	Parent company accounts	86
Short-term borrowings	34	Notes to the accounts	87
Securities	35	SEC Form 20-F cross reference and other information	153
Risk management – Overview	36	Glossary	155
Credit Risk Management	38	Barclays Bank PLC data	156
Analysis of loans and advances	39	US GAAP financial data	167
Provisions for bad and doubtful debts	44	Shareholder information	168
Potential credit risk lendings	48	Dividends	168
Cross border outstandings	50	Trading market for ordinary shares of Barclays PLC	169
Market Risk management	51	Trading market for preference shares	170
Derivatives	53	Shareholdings at 31st December 2000	171
Treasury asset and liability management	54	Memorandum and Articles of Association	172
Management of operational and other risks	57	Taxation	173
Other information	58	Exchange controls and other limitations affecting security holders	174
Economic and monetary environment	58	Group senior management and principal offices	176
Supervision and regulation	58		
Risk factors	59		
Directors and officers	60		
Directors' report	62		
Corporate governance	65		
Auditors' reports	75		

Registered No. 48839

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act 1995 with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including UK domestic and global economic and business conditions, market related risks such as interest rate and exchange rate risks, the policies and actions of regulatory authorities and the impact of competition, a number of which are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals and expectations set forth in the Group's forward-looking statements. For a discussion of some of the factors that may cause actual future results and developments to differ materially from these forward-looking statements, see Risk factors on page 59.

Presentation of information

This document comprises the 2000 Annual report of Barclays PLC and the 2000 Annual report on Form 20-F to the US Securities and Exchange Commission of Barclays PLC and Barclays Bank PLC. It contains the Directors' report and accounts of Barclays PLC, together with the Auditors' report thereon, as required by the UK Companies Act 1985. The Barclays PLC Annual Review and Summary Financial Statement 2000 is published as a separate document.

Barclays PLC is a public limited company registered in England and Wales under number 48839. The Company, originally named Barclay & Company Limited, was incorporated in England and Wales on 20th July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares. The company name was changed to Barclays Bank Limited on 17th February 1917 and it was re-registered in 1982 as a public limited company under Companies Acts 1948 to 1980. On 1st January 1985, the company changed its name to Barclays PLC.

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The Bank was incorporated on 7th August 1925 under the Colonial Bank Act 1925 and on 4th October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1st January 1985 the Bank was re-registered as a public limited company and its name was changed from Barclays Bank International Limited to Barclays Bank PLC.

All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC. This report has therefore been prepared as a joint annual report on Form 20-F for Barclays PLC and Barclays Bank PLC and it also contains the consolidated accounts of and other information relating to Barclays Bank PLC. Except where otherwise indicated, the information given is identical with respect to both Barclays PLC and Barclays Bank PLC.

The accounts of Barclays Bank PLC included in this document do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts of Barclays Bank PLC, which contain an unqualified audit report and do not contain any statement under Section 237(2) or (3) of that Act, will be delivered to the Registrar of Companies in accordance with Section 242 of that Act and are published as a separate document.

The consolidated accounts of Barclays PLC and its subsidiary undertakings are set out on pages 78 to 85 along with the accounts of Barclays PLC itself on page 86. The consolidated accounts of Barclays Bank PLC and its subsidiary undertakings are set out on pages 156 to 165. The accounting policies on pages 76 to 78 and the notes commencing on page 87 apply equally to both sets of accounts unless otherwise stated. The financial statements contained in this document, which include the results of Woolwich plc from acquisition on 25th October 2000, also reflect changes in the Group's management structure which took place in 2000, as explained on page 11. The comparative data has been restated, where appropriate.

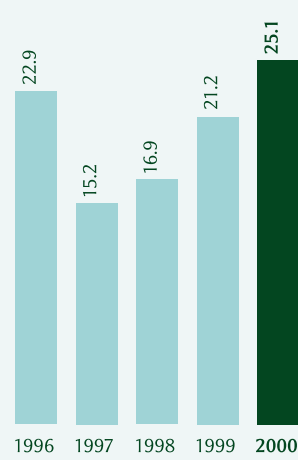
The term 'Barclays PLC Group' means Barclays PLC together with its subsidiary undertakings and the term 'Barclays Bank PLC Group' means Barclays Bank PLC together with its subsidiary undertakings. 'Barclays' and 'Group' are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term 'Company' refers to Barclays PLC and the term 'Bank' refers to Barclays Bank PLC. The term 'The Woolwich' means Woolwich plc and its subsidiary undertakings.

In this report, the abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling respectively; the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US dollars respectively and €m and €bn represent millions and thousands of millions of euros respectively.

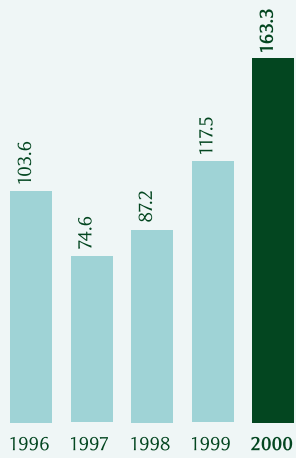
References to operating results 'before the impact of the Finance Act' exclude the impact of taxation changes arising from the Finance (No. 2) Act 1997 and the Finance Act 1998.



Profit before tax (£m)



Post-tax return on average shareholders funds (%)



Earnings per share (pence)



Dividends per share (pence)

Consolidated profit and loss account summary^(a)

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Interest receivable	11,788	9,320	9,952	9,204	8,730
Interest payable	6,635	4,696	5,604	5,095	4,825
Write-down of leases (c)	–	–	(40)	(77)	–
Profit on redemption/repurchase of loan capital	2	3	3	2	32
Net interest income	5,155	4,627	4,311	4,034	3,937
Fees and commissions receivable	3,689	3,207	3,008	3,197	3,168
Less: fees and commissions payable	(320)	(275)	(229)	(218)	(223)
Dealing profits	677	556	(42)	361	382
Other operating income	397	258	298	203	199
Life-fund charge (c)	–	–	–	(28)	–
Operating income	9,598	8,373	7,346	7,549	7,463
Administration expenses – staff costs	3,219	3,057	2,811	3,035	2,980
Administration expenses – other	1,967	1,807	1,829	1,889	1,816
Depreciation and amortisation	306	280	275	269	301
Operating expenses	5,492	5,144	4,915	5,193	5,097
Operating profit before provisions	4,106	3,229	2,431	2,356	2,366
Provisions for bad and doubtful debts	817	621	492	227	215
Provisions for contingent liabilities and commitments	(1)	1	76	4	9
Provisions	816	622	568	231	224
Operating profit	3,290	2,607	1,863	2,125	2,142
Loss from joint ventures	(1)	(1)	–	–	–
(Loss)/income from associated undertakings	(7)	(13)	22	16	23
Loss on sale or restructuring of BZW	–	(30)	(3)	(469)	–
Profit/(loss) on disposal of other Group undertakings	214	(108)	4	44	70
Write-down of fixed asset investments	–	–	(4)	(19)	–
Profit on ordinary activities before tax	3,496	2,455	1,882	1,697	2,235
Tax on profit on ordinary activities	944	644	520	520	558
Profit on ordinary activities after tax	2,552	1,811	1,362	1,177	1,677
Profit attributable to minority interests	(79)	(52)	(45)	(44)	(47)
Profit for the financial year attributable to the members of Barclays PLC	2,473	1,759	1,317	1,133	1,630
Dividends	(927)	(746)	(646)	(563)	(479)
Profit retained for the financial year	1,546	1,013	671	570	1,151

Selected financial statistics

Earnings per ordinary share	163.3p	117.5p	87.2p	74.6p	103.6p
Dividends per ordinary share	58.0p	50.0p	43.0p	37.0p	31.5p
Dividend cover (times)	2.7	2.4	2.0	2.0	3.4
Attributable profit before tax as a percentage of average shareholders' funds	34.4%	28.9%	23.5%	22.0%	30.5%
Attributable profit after tax as a percentage of average shareholders' funds	25.1%	21.2%	16.9%	15.2%	22.9%
average total assets (note (b))	0.8%	0.7%	0.5%	0.5%	0.9%
Average US dollar exchange rate used in preparing the accounts	1.52	1.62	1.66	1.64	1.56
Average euro exchange rate used in preparing the accounts	1.64	1.52	–	–	–

Consolidated balance sheet summary^(a)

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Assets					
Loans and advances to banks and customers	198,536	156,194	132,722	136,707	118,441
Other assets	102,493	88,470	77,402	87,499	59,480
	301,029	244,664	210,124	224,206	177,921
Infrastructure	6,450	2,089	2,285	2,264	2,400
	307,479	246,753	212,409	226,470	180,321
Retail life-fund assets attributable to policyholders	8,711	8,040	7,085	5,959	4,840
Total assets	316,190	254,793	219,494	232,429	185,161
Liabilities					
Deposits by banks, customer accounts and debt securities in issue	240,607	191,781	161,049	173,283	142,554
Other liabilities	45,715	41,540	39,470	42,377	27,159
	286,322	233,321	200,519	215,660	169,713
Capital resources					
Undated loan capital	2,672	1,749	1,742	1,657	1,635
Dated loan capital	3,698	2,848	1,992	1,211	1,396
Other subordinated liabilities	–	–	–	59	56
Minority and other interests	1,600	352	314	326	320
Shareholders' funds	13,187	8,483	7,842	7,557	7,201
	21,157	13,432	11,890	10,810	10,608
	307,479	246,753	212,409	226,470	180,321
Retail life-fund liabilities attributable to policyholders	8,711	8,040	7,085	5,959	4,840
Total liabilities and shareholders' funds	316,190	254,793	219,494	232,429	185,161

Weighted risk assets and capital ratios

Weighted risk assets	147,040	115,878	109,800	108,341	98,405
Tier 1 ratio	7.2%	7.5%	7.3%	7.2%	7.5%
Risk asset ratio	11.0%	11.3%	10.6%	9.9%	10.3%

Selected financial statistics

Average shareholders' funds as a percentage of average total assets (note (b))	3.2%	3.4%	3.2%	3.5%	3.9%
Net asset value per ordinary share	794p	568p	519p	494p	467p
Year-end US dollar exchange rates used in preparing the accounts	1.49	1.62	1.66	1.65	1.71
Year-end euro exchange rate used in preparing the accounts	1.60	1.61	–	–	–

Notes

(a) The financial information on pages 4 and 5 is extracted from the published accounts for the last five years, restated where appropriate to accord with the current accounting policies of the Group (see page 78). This information should be read together with, and is qualified by reference to, the accounts and notes included in this report.

(b) For the purposes of this summary, the retail life-fund assets attributable to policy holders have been excluded from average total assets.

(c) The write-down of leases in 1998 and 1997 and the life-fund charge in 1997 reflect the impact of the Finance Acts in those years.

(d) Note 61 to the accounts provides a reconciliation of net profit and shareholders' funds between the amounts calculated under UK GAAP and US GAAP.

Business description

Introduction

Barclays is a UK-based financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, Barclays is one of the largest financial services groups in the UK. The Group also operates in many other countries around the world and is a leading provider of co-ordinated global services to multinational corporations and financial institutions in the world's main financial centres.

The results for Barclays for 2000 are reported separately for the following activities: Retail Financial Services, Barclaycard, Corporate Banking, Barclays Capital, Barclays Global Investors, Other operations and Head office functions. The results for Retail Financial Services and Corporate Banking are reported after allocating the costs of shared support functions, the UK branch network and other common infrastructure. The results for Retail Financial Services include those of The Woolwich following its acquisition on 25th October 2000 and excludes Barclaycard which is now presented separately.

Retail Financial Services

Retail Financial Services (RFS) brings together the Group's retail interests around the world.

The business has three principal strategic aims:

- » To become the customers' first choice as the provider of innovative and dependable financial solutions.
- » To become a market leader for affluent and wealthy customers in the UK and continental Europe by building on the Group's strong customer base.
- » To use The Woolwich's proven capabilities in the mortgage and savings markets in order to boost the Group's competitive position.

The position of RFS has been greatly strengthened by the acquisition of The Woolwich. In addition, the recently announced strategic alliance with Legal & General will enable RFS to provide one stop provision of 'best of breed' products across the full range of distribution channels for the benefit of customers.

RFS is organised into three major business groupings, Retail Customers, The Woolwich and Wealth Management.

Retail Customers

Retail customers provides a wide range of services and products to personal and small business customers throughout the UK and to personal and corporate customers in parts of Africa. These services are provided through a network of branches and ATMs and through direct channels such as the telephone and the internet.

At the heart of Retail Customers are the core relationship banking products of current accounts and money transmission, savings and loans. These provide customers with the ability to manage their financial affairs on a day to day basis. Longer term and more complex needs are met from a full range of long term lending and investment products.

The business aim is to be the customers' first choice for dependable financial solutions in an environment of rapidly changing customer attitudes, demands and buying behaviours by:

- » Increasing convenience and access to products and services.
- » Ensuring the Bank's products and services are appropriate and relevant to customers' needs.

Key to this success is the ongoing development and enhancement of new delivery channels, while continuing to invest significantly in the branch network. The result is the creation of a true multi-channel bank in the UK with more than 500,000 Open plan customers and almost 1.7m customers banking on-line with Barclays at the end of 2000. Barclays was the first UK bank to launch a free internet service. Barclaycall and Businesscall continue to provide 24-hour telephone access for 1.2m personal and small business customers. In UK Small Business, the launch of the joint venture with Freeserve (Clearlybusiness.com) to provide a small business portal in the UK for services, information and advice needed to start and run a successful small business, further strengthened Barclays position as the UK's leading on-line bank by number of customers.

It is through continued investment in customer information systems, and the wealth of customer data that these provide, that the creation and development of the right products and services are achieved.

The Woolwich

The Woolwich provides a wide range of personal financial services, primarily to individuals in the UK, combined with the provision of financial advice through one of the largest independent advisory companies in the country. The Woolwich's emphasis has been on innovation and the application of technology to deliver customised solutions through its Open Plan proposition. Since its acquisition by Barclays, The Woolwich is the mortgage specialist within the Barclays Group.

The Woolwich's strategy has been to integrate the emerging distribution channels into its core business and to develop multi-product offerings. This has enhanced The Woolwich's brand by delivering tangible benefits to customers and increasing the depth of their relationships with The Woolwich. Open Plan customers can view all their Woolwich relationships including mortgage, savings, investment and insurance on one statement and can deal with all the various products through any available channel.

Key elements of The Woolwich strategy are:

- » Expansion of the Open Plan customer base while maintaining multi-product holdings of at least 3 products per customer.
- » Developing the mortgage franchise of the Barclays Group and expanding the UK market share of mortgage lending.
- » Expansion of the Group's Independent Financial Advice operation.
- » Developing distribution capabilities and access to customers through strategic partnerships with like-minded organisations.

The target of 500,000 customers for Open Plan by the end of 2000 was exceeded and the penetration rate of products per customer is significantly above the rest of The Woolwich and market average at three products per customer. An outright purchase of the Sedgwick Independent Financial Advisory business has considerably strengthened the Group's overall IFA position.

During the year The Woolwich further developed its service to customers. The first UK mobile banking service was launched to customers in April and this was further enhanced by the launch of digital television access in September. The Woolwich is still the only UK retail bank to enable customers to see balances, pay bills and transfer money between accounts at branches, via the telephone, via the internet, via WAP mobile phone and via digital television.

As part of the enlarged Barclays Group, The Woolwich aims to extend its Open Plan offering to a wider customer base to the benefit of both customers and shareholders.

Wealth Management

Wealth Management serves affluent and high net worth clients globally with bespoke, relationship-based services in the areas of banking, asset management, broking and long-term financial planning. Wealth Management serves over 1 million clients across 34 countries worldwide and manages £74bn in client funds. The business has extensive geographical diversity with over a third of clients based outside the UK, mainly in France, Iberia and the Caribbean.

Wealth Management aims to be recognised as the pre-eminent European Wealth player. This will be achieved by doing more business with its customers and growing assets under management. Clients will be offered a distinctive proposition with five main features:

- » Single relationship across banking and investment.
- » Professional and proactive financial planning advice.
- » World class investment products at great value.
- » A single picture of a client's financial affairs.
- » Seamless, multi-channel service.

Last year saw the launch of a major transformation programme. Investment grew to £33m as this programme began to strengthen the customer propositions, including:

- » The launch of a new programme to enable UK Premier relationship managers to offer "one stop" advice across banking and investment. By the year end, 70 managers were trained and successfully selling investment products.
- » The commitment of a major investment to build a leading edge multi-channel distribution platform, which will offer clients seamless service across electronic and physical channels with real-time information update.
- » The launch of innovative "direct" channel propositions which substantially increased internet usage. The number of registered internet users grew from 73,000 to 225,000 and the proportion of total stockbroking retail deals executed across the internet rose to 34% over the year. During the year a multi-currency internet service for offshore clients, an on-line portfolio nominee offering and a WAP broking service in the UK were launched.

In 2001, the business transformation programme will continue and accelerate:

- » 350 UK Premier relationship managers will be qualified and supported by a leading edge financial planning tool.
- » The multi-channel platform will be implemented across the UK and offshore markets.
- » Internet users are targeted to grow to 400,000, a 78% increase, as functionality is substantially upgraded.
- » The funds supermarket, which was launched as a telephone based service in 1998, will be rolled out on-line.

Two further initiatives are to be put in place to deliver the target customer proposition:

- » World class investment products are to be launched with "best of breed" multi-funds from Legal & General and a move to independent advice in the UK.
- » A single picture of a client's financial affairs will be offered by leveraging our leading Stockbrokers nominee service and using new aggregation technologies.

Barclaycard

Barclaycard is the leading credit card business in Europe* and it offers a full range of credit card services to individual customers, together with card payment facilities to retailers and other businesses.

Barclaycard is building on its position as the leading European consumer credit and payment business by continuing to expand in the UK, Germany, France, Spain and Greece, and delivering business opportunities in the internet arena.

Continued strategic investment to enhance customer data management techniques has helped develop and tailor more sophisticated customer products and services. This has assisted the delivery of high levels of recruitment and increased lending growth. New initiatives included the balance consolidation offer with no fixed expiry, which was a first in the UK market.

Barclaycard was the first UK credit card on the internet and offers a range of internet services including bill payment and on-line statement and transaction information. The number of registered users for this service has risen to 390,000. IndigoSquare, Barclaycard's internet-based shopping portal joint venture, was launched in October and provides an easy to use on-line retail shopping facility. With the potential to become an important non-traditional revenue stream, IndigoSquare is targeted to have 500,000 users by the end of 2001.

Barclaycard's European operation continues to grow with increases in revenues, extended credit balances and cards issued. The international business is now web-enabled, providing a springboard for development and expansion in 2001.

During 2001 Barclaycard expects to:

- » Further develop the use of information management techniques to increase cross sales income in its core UK business.
- » Leverage its status in continental Europe as a well recognised brand to enter attractive and emerging new markets.
- » Seize the opportunities in e-commerce of internet card penetration, the preferred payment method on the web, by offering e-commerce solutions to business retailers and by leveraging the Barclaycard brand to enhance consumer confidence and increase card spend.

* Based on value of transactions and number of cards in issue.

Corporate Banking

Corporate Banking provides relationship banking to the Group's corporate customers.

UK customers are served by a network of 1,200 relationship managers who provide access to an extensive range of products and services. Customers are also offered access to business centres in the rest of Europe, the United States and the Middle East. In addition an office in Miami provides finance and correspondent banking services to the Group's customers in Latin America. Barclays Capital's strong position in the wholesale market ensures that larger corporate customers have access to the capital markets and to specialist investment banking products which complement Corporate Banking's product and service range.

Corporate Banking has a strong competitive position in the UK, where almost a quarter of middle market companies bank with Barclays. Opportunities for growth exist within the UK, through customer acquisition and increased product penetration, and in the rest of Europe, where Corporate Banking's presence exceeds that of its UK and many of its European competitors.

In 2000, Corporate Banking completed the implementation of mobile working for its 1,200 corporate relationship managers in the UK. 'Barclays in a briefcase' provides managers with laptop computers enabling access to relevant customer data, communication facilities and credit assessment software. This means relationship managers can spend more time working with their customers, understanding their businesses and establishing a strong foundation for a long-term relationship.

More than 40,000 customers are registered to use electronic banking, up 45% in 12 months, enabling customers to access their account information and make transactions electronically.

Barclays B2B.com, the Barclays business-to-business electronic services portal was unveiled in April 2000. Customer recruitment commenced in October and by the year end, more than 2,000 businesses had registered to trade on-line. The portal aims to provide a range of internet-based business services designed to change the way UK businesses trade with one another and will over time provide a direct channel for the sale and delivery of a number of business services.

In collaboration with Accenture and Oracle, Barclays B2B.com was created to enable the delivery of business services to companies primarily with a turnover of between £5m and £250m. Its initial offering, the Barclays B2B Exchange, enables buyers to benefit from lower processing costs and increased management information.

The Business Banking strategic business unit was created in the second half of the year, bringing together the Bank's small business and middle market banking businesses, making Barclays the only UK bank with a single division providing seamless banking support to companies from start-up to flotation; and delivering to businesses the full range of products and services which they require to grow and thrive.

Serving the whole small and medium sized enterprise market from one division will allow all customers to benefit from the Bank's relationship approach and technological investment providing a uniform "feel" across Business Banking. Product and service developments will provide customers with greater flexibility and convenience in their dealings with the Bank while maximising the value derived from customer relationships.

During 2001 Corporate Banking intends to:

- » Introduce a range of distinctive new value propositions that will provide better customer choice and strengthen relationships.
- » Provide a comprehensive, integrated set of services to enable a company to undertake its day to day activities more efficiently and effectively.

Barclays Capital

Barclays Capital conducts the Group's investment banking business.

Barclays Capital operates in the wholesale markets to provide corporate, institutional and government clients with solutions to their financing and risk management needs. Barclays Capital is the Group's principal point of access to the wholesale markets and provides financing and risk management products to the Group's other businesses.

Barclays Capital's business model focuses on two broad areas of activity where the Group has a strong and growing competitive presence: Rates which includes sales, trading and research relating to government bonds, money markets, foreign exchange, commodities and their related derivative instruments; and Credit, which includes origination, sales, trading and research relating to loans, securitised assets, corporate bonds and their related derivative instruments, equity derivatives and private equity investment.

During 2000 Barclays Capital continued to capture profitable growth opportunities, especially in continental Europe, where the capital markets are developing rapidly following the introduction of the euro.

Significant progress was made in all of Barclays Capital's core businesses during the year.

- » It lead managed 225 bond issues (1999 156), with a total value of US\$48bn (1999 US\$36bn). This included transactions for a wide range of European, US and Asian issuers in all major issuing currencies.
- » In the sterling bond market, Barclays Capital led a higher volume and a greater number of new issues than any other institution. Barclays Capital maintained its position as one of the leading UK government bond and sterling derivatives dealers.
- » In the syndicated loans market, Barclays Capital arranged financings in excess of US\$115bn (1999 US\$59bn). It held its position as the top arranger of syndicated credits in Europe, Middle East and Africa and ended the year No.4 worldwide (1999 – No.6).
- » International Financing Review (IFR) named Barclays Capital "European Loan Trading House of the Year" for the second year running.

Barclays Capital is well positioned for rapid organic growth, as a result of its tailored investment programme in both technology and intellectual property, combined with the growing appetite for credit products amongst European investors and the increasing recognition of Europe amongst global borrowers as a deep and liquid international capital market. Barclays Capital will continue to implement its existing growth strategy based on a distinctive business model, offering a broad span of debt-focused financing and risk management services, combined with specialist niches in commodities and equities.

During 2001 it will seek to:

- » Build on its investment in technology and intellectual capital to further develop distribution capability and client penetration in Europe and worldwide.
- » Leverage Group relationships with large corporate borrowers to bring a greater number of issuers to the international bond markets.
- » Leverage institutional relationships through the delivery of a wider product range, including derivative products across all asset classes.
- » Broaden the product offering in respect of advisory services linked to financing and risk management.
- » Continue to improve capital efficiency and internal controls.
- » Exploit cost-efficient technological opportunities through electronic delivery of integrated research and execution services to clients.

Barclays Global Investors

Barclays Global Investors (BGI) is the world's largest institutional asset manager and has some of the most sophisticated investing institutions amongst its 1,800 clients.

BGI offers advanced active and indexed asset management services for institutional clients. The objective of advanced active management is to outperform market benchmarks by the application of disciplined investment processes. The objective of indexed management is to replicate the performance of market benchmarks. In addition to these activities, BGI is a major lender of securities. BGI's activities are carried out from eleven locations in eight countries. BGI continually invests in its business to ensure it maintains its strong competitive position in this market.

Over twenty-five years ago BGI introduced the world's first index fund. Today it manages funds on behalf of 1800 clients in over 36 countries and has £435bn of assets under management in index funds. BGI continues to build on its expertise as the world's largest index fund manager to develop advanced active strategies, which use quantitative methods to outperform an index. Advanced active funds now account for approximately 21%, or £115bn, of assets under management, making BGI the largest quantitative active manager in the world. Almost 50% of BGI revenues now come from these value-added products.

Exchange traded funds (ETFs) are index funds that are bought and sold like shares on a national exchange. In 2000 BGI introduced an ETF to the London market.

In 2001 BGI expects to strengthen its leading position in one of the fastest growing sectors of the financial services industry. In order to do this it intends to:

- » Develop new products with the intention of improving the performance of its existing active products and broadening its reach into market segments beyond that of the defined benefit market.
- » Increase the profitability of index products by extending the range of its value chain. This will include expanded security lending activities, an improved cash management product set and improved cross selling to index clients.
- » Develop products to meet the growing demand by individual investors for institutional quality products. This will also involve entering the individual investor channel through Exchange Traded Funds and Defined Contribution plan.
- » Develop an increasing market share through investment in high growth areas such as Europe through leveraging the existing Barclays distribution network and third party partnerships.

Other operations

Property management includes Barclays Group Property Services which is responsible for the management of the Group's operational premises and property related services. Property costs also include the central administration of certain operational property costs.

Central services includes a variety of activities which support the operating businesses, and Service Provision which provides central information technology services.

Management of Group capital is the earnings on that part of the Group's capital which is not allocated to business groups. Allocations to business groups are based generally on weighted risk assets. Management of Group capital also includes residual balances arising from centrally managed transition activities.

Head office functions

Head office functions comprise the Group's central executive, Group finance, corporate communications, human resources and Group risk.

Competition

The financial services environment remains competitive and the industry is experiencing structural change driven by technological change, development of new distribution channels and increasing customer sophistication as well as an increasing tendency to globalisation in some markets. New entrants to the market continue to appear confirming the competitive environment and low barriers to entry in the sector.

The Group believes it is well positioned to respond to these developments and continues to develop its strategy to enable it to meet competitive challenges.

Changes in reporting of Group structure in 2000

From 1st January 2000, Barclaycard became a separate business unit. Retail Financial Services now comprises Retail Customers, Wealth Management, and, from 25th October 2000, The Woolwich.

Within Other operations, costs relating to the central administration of certain operational property costs have been combined with Barclays Group Property Services under the heading Property management.

Comparative figures have been restated for the above changes, where appropriate.

Changes in accounting presentation

The Group's share of the results of joint ventures and associated undertakings are shown separately below operating profit having previously been included in Other operating income. For the purposes of business group analysis the share of the results is still included in Operating profit.

There have been no other changes in accounting presentation from that reflected in the 1999 Annual report.

Recent developments

On 16th January, 2001 Barclays PLC and Legal & General Group Plc (Legal & General) announced their intention to form a strategic alliance under which Barclays Bank PLC would, subject to regulatory approval, sell Legal & General branded life, pension (including stakeholder pension) and investment products through its UK distribution network.

Group structure

During 2000, significant changes were announced to the Group's organisational structure, moving from five major business groups to an organisation based on a larger number of smaller strategic business units, or SBUs, which are supported by shared services. Each SBU is tasked with identifying and implementing value-maximising strategies, and achieving these by creating advantage for customers, through superior products and services. The Group's reporting in 2001 will reflect this new structure.

Profit/(loss) before tax

	2000 £m	1999 £m	1998 £m
Retail Financial Services	1,710	1,312	1,142
Barclaycard	418	401	334
Corporate Banking			
– before impact of Finance Act	1,070	947	991
– write-down of leases	–	–	(40)
	1,070	947	951
Barclays Capital	403	311	(281)
Barclays Global Investors	65	43	51
Businesses in Transition			
– former BZW businesses	–	–	(33)
– other	–	–	48
Other operations	(1)	13	(167)
Head office functions	(93)	(77)	(72)
Restructuring charge	(232)	(344)	–
Integration costs	(7)	–	–
Goodwill amortisation	(51)	(13)	(12)
Provision for litigation settlement	–	–	(76)
Operating profit*	3,282	2,593	1,885
Loss on sale or restructuring of BZW	–	(30)	(3)
Profit/(loss) on disposal of other Group undertakings	214	(108)	4
Write-down of fixed asset investments	–	–	(4)
	3,496	2,455	1,882

* including (loss)/income from joint ventures and associated undertakings (2000 (£8m), 1999 (£14m), 1998 £22m).

Total assets and weighted risk assets

	Total assets			Weighted risk assets		
	2000 £m	1999 £m	1998 £m	2000 £m	1999 £m	1998 £m
Retail Financial Services	80,128	41,383	39,955	47,246	26,152	25,386
Barclaycard	8,705	7,343	6,195	8,523	7,210	6,113
Corporate Banking	52,869	47,422	45,341	54,651	48,218	45,869
Barclays Capital	156,869	144,807	114,706	34,431	32,032	29,344
Barclays Global Investors	259	232	183	653	456	207
Businesses in Transition	–	–	554	–	–	594
Other operations and head office functions	4,380	5,383	5,279	1,536	1,810	2,287
Goodwill	4,269	183	196	–	–	–
Retail life-fund assets attributable to policyholders	8,711	8,040	7,085	–	–	–
	316,190	254,793	219,494	147,040	115,878	109,800

Summary profit and loss account

	2000 £m	1999 £m	1998 £m
Operating income*	9,598	8,373	7,386
Impact of Finance Act	-	-	(40)
Operating income	9,598	8,373	7,346
Operating expenses	(5,492)	(5,144)	(4,915)
Operating profit before provisions	4,106	3,229	2,431
Provisions for bad and doubtful debts	(817)	(621)	(492)
Provisions for contingent liabilities and commitments	1	(1)	(76)
Operating profit	3,290	2,607	1,863
Loss from joint ventures	(1)	(1)	-
(Loss)/income from associated undertakings	(7)	(13)	22
Loss on sale or restructuring of BZW	-	(30)	(3)
Profit/(loss) on disposal of other Group undertakings	214	(108)	4
Write-down of fixed asset investments	-	-	(4)
Profit on ordinary activities before tax	3,496	2,455	1,882

* Before the impact of the Finance Act.

Introduction

The Group's operating profit increased by 26% to £3,290m (1999 £2,607m). The 2000 result is after accounting for £232m of restructuring costs (1999 £344m) and a profit after fair value amortisation of £64m reported by The Woolwich from 25th October 2000. Earnings per share increased by 39% to 163.3p from 117.5p.

Retail Financial Services performed strongly with a 30% increase in operating profit to £1,710m (1999 £1,312m). Retail customers and Wealth Management profits rose 27% and 22% to £1,124m and £522m respectively. The Woolwich's operating profit contribution was £64m for the last two months of the year following the acquisition. Total costs were held flat at £2,294m, excluding two months costs of The Woolwich of £98m.

Barclaycard operating profit increased 4% to £418m (1999 £401m). Net interest income improved by 12% benefiting from continued strong growth in average UK extended credit balances. Net fees and commissions increased 9% as a result of growth in UK transaction volumes.

Corporate Banking operating profit increased 13% to £1,070m (1999 £947m). Net interest income rose by 6% reflecting growth in average customer lending balances. Net fees and commissions increased by 9% as a result of growing in lending related fees. Costs excluding strategic investment fell by 6%.

Barclays Capital operating profit increased 30% to £403m (1999 £311m) reflecting continued strong performances in both the Rates and the Credit businesses. The growth in profits was achieved despite difficult market conditions in the second half of 2000.

Barclays Global Investors operating profit increased 51% to £65m (1999 £43m) in a year of major investments and flat or declining markets in most parts of the business. Total assets under management grew to £550bn (1999 £486bn).

Total provisions for bad and doubtful debts rose by £196m, or 32%, to £817m, mainly as a result of higher levels of new and increased provisions reflecting strong volume growth in Retail Financial Services and Barclaycard.

The restructuring charge of £232m for 2000 primarily relates to Retail Financial Services, Corporate Banking and Service Provision. The staff cost charge of £171m is in respect of 4,800 job reductions, 2,700 of which were achieved in 2000.

Non-performing lendings increased by £768m of which The Woolwich accounted for £592m. Potential problem lendings increased by £0.4bn reflecting overseas exposures held by both Barclays Capital and Corporate Banking. Excluding the impact of The Woolwich, non-performing lendings coverage has increased from 76.4% to 81.2% while the coverage of total potential problem lendings has marginally fallen from 60.0% to 58.1%.

The exceptional profit of £214m included a £186m profit on the sale of the Dial business in June 2000 and £18m profit on the sale of Barclays Property Investment in October 2000.

Shareholders' funds increased by a net £4,687m before favourable exchange differences resulting from shares issued in respect of The Woolwich acquisition (£3,359m) and profit retentions of £1,546m after allowing for a 24% increase in dividends to £927m. A further £311m of buy-backs were completed in the year. Risk weighted assets increased by £31bn or 27% to £147bn of which £19bn (13%) related to The Woolwich. The tier 1 ratio reduced from 7.5% to 7.2% and the total risk asset ratio was 11.0% from 11.3% at the end of 1999. Total assets increased by £61bn in 2000, and included £37bn of assets and £4.1bn of goodwill in respect of The Woolwich.

In 1999, Group profit before tax increased by 30% to £2,455m. The 1999 profit was after charging £344m for restructuring and a £75m provision for the possible cost of redress to personal pension customers. The 1998 profit was after charging £76m in respect of the settlement of the Atlantic litigation and £40m from the impact of taxation changes arising under the Finance Act.

Analysis of results by business

The following section analyses the Group's performance within the businesses, showing selected income and expenditure information extracted from the Group's profit and loss account. As inter-business activities are included within these figures, the total income and expenditure for the businesses do not equate to the amounts reported in the Group's results.

Retail Financial Services

Financial performance

	2000 £m	1999 £m	1998 £m
Net interest income	2,761	2,471	2,390
Net fees and commissions	1,419	1,300	1,267
Income from long-term assurance business*	171	44	109
Other operating income	169	143	61
Total income	4,520	3,958	3,827
Total costs	(2,392)	(2,326)	(2,439)
Provisions for bad and doubtful debts	(418)	(320)	(246)
Operating profit**	1,710	1,312	1,142

* 1999 figures included a £75m provision for the possible cost of redress to personal pension customers (2000 and 1998 £nil).

** Including the two months results of The Woolwich since acquisition and £6m of fair value adjustments.

Retail Financial Services performed strongly with a 30%, or £398m, increase in operating profit to £1,710m. Total income increased by 14% to £4,520m. Adjusted for the impact of the personal pension redress provision of £75m in 1999 and for the two months results of The Woolwich, operating profit and total income rose 19% and 8%, respectively.

Net interest income increased 12%, to £2,761m, primarily as a result of strong growth in lending and deposit balances. In the UK, current accounts and average UK savings balances benefited from good volume growth despite pressure on margins.

Net fees and commissions grew 9%, or £119m, to £1,419m. There was good growth in Retail Customers and Wealth Management.

Income from long-term assurance business increased 44% or £52m, adjusting for the £75m personal pension provisions raised in 1999. No additional provision for possible redress for personal pension customers has been taken in the year.

Total customer funds (excluding The Woolwich), which include assets under management and on-balance sheet deposits, grew 4% to £123bn (1999 £118bn). Assets under management (excluding The Woolwich) increased 4%, or £2bn, to £57bn, primarily due to growth in Private Banking and managed investment portfolios. Deposits (excluding The Woolwich) grew 6% as a result of strong growth in European and offshore banking as well as in current accounts and UK savings, specifically ISAs. Loans to customers (excluding The Woolwich) rose 9% to £36bn (1999 £33bn).

For The Woolwich total customer funds were £23.5bn, assets under management were £3.0bn, deposits were £20.5bn and loans to customers were £32.7bn.

Total customers registered for on-line banking were 1,700,000 (1999 500,000) at the end of 2000, confirming Barclays position as the UK's leading on-line bank. On-line personal customers now have 2.7 products, compared to 2.3 for all personal current account customers.

Total costs were held flat at £2,294m after adjusting for the impact of two months results for The Woolwich (1999 £2,326m). This was despite a significant increase in strategic investment expenditure, up 49%, or £47m, to £143m and higher revenue related costs up 12%, or £13m, to £125m. Total staff costs, excluding restructuring costs, were down 2% compared with 1999 resulting principally from the job reduction programmes carried out during 1999 and 2000.

Provisions rose 31% to £418m (1999 £320m). Adjusted for The Woolwich and an £11m release of general provision in 1999 relating to the disposal of Merck Finck, the underlying increase in provisions was 24%. This growth was mainly attributable to the volume growth in personal and small business unsecured lending and as a result of difficult market conditions in Kenya and Zimbabwe.

Operating profit increased in 1999 by 15%, or £170m, to £1,312m. Adjusting for the impact of the personal pension redress provision, operating profit rose by 21%. This increase was primarily due to an increase in net interest income arising from strong volume growth in UK consumer lending and strong growth in fees and commissions resulting from increased volumes in Private Banking, Stockbrokers and UK Premier. In addition a decrease in total costs of 5% resulted from lower operating costs achieved through efficiency improvements, particularly in the branch network.

Retail Customers

	2000 £m	1999 £m	1998 £m
Net interest income	2,015	1,916	1,865
Net fees and commissions	780	735	777
Income from long-term assurance business*	161	32	98
Other operating income	139	114	42
Total income*	3,095	2,797	2,782
Total costs	(1,573)	(1,588)	(1,714)
Provisions for bad and doubtful debts	(398)	(325)	(243)
Operating profit*	1,124	884	825

* 1999 includes a £75m provision for possible redress for personal pension customers (2000 and 1998 £nil).

Operating profit in Retail Customers increased 27%, or £240m, to £1,124m. Adjusted for the impact of the provision for the redress of personal pension customers of £75m during the year ended 31st December 1999, operating profit increased by 17% and total income by 8% to £3,095m.

Net interest income increased by 5%, mainly as a result of good volume growth in current accounts and average UK savings balances. Net fees and commissions increased by 6% mainly as a result of additional current account and overdraft lending activity and higher fee income from the Additions

accounts, which more than offset the absence of £19m ATM commissions received during 1999. Additions accounts increased by 21% to 1,050,000 (1999 871,000).

Total costs were flat at £1,573m resulting from the implementation of a number of improvements in operational and processing activities throughout the network, including centralisation of call centres. These savings have been partially offset by the additional costs associated with significant increased strategic investment of £110m (1999 £79m) in infrastructure, particularly in on-line banking.

Total customer funds, which include assets under management and on-balance sheet deposits increased by 4% to £50bn (1999 £48bn). Loans to customers rose slightly to £24bn (1999 £23bn).

UK Personal Customers

Average current account deposits increased 9% to £9.5bn (1999 £8.7bn) reflecting the rise in the number of current account customers due to the improvement of the current account proposition.

Average UK savings balances grew 7% to £20.9bn (1999 £19.6bn), ahead of market growth. Overall average margins remained broadly flat.

Average UK mortgage lending increased 7% to £17.3bn (1999 £16.1bn). Gross new lendings remained flat at £4.8bn (1999 £4.8bn) and market share of balances outstanding was broadly maintained at 4%. Average margins decreased from 1.21% to 1.12% during the year as a result of a change in the mix of products, reflecting the high level of sales of the base rate tracker mortgages.

Average consumer lending balances increased 7% to £6.4bn. Against a background of increasing and historically high consumer debt, the risk assessment criteria were further tightened to improve the overall quality of the portfolio and as a result consumer lending balance growth was slower than the market.

In November, individual pricing was introduced on the Barclayloan product as part of a drive to increase product penetration for existing customers and further improve asset quality.

Income from payment protection and underwriting benefited in line with improved volumes of consumer lending, overdraft, credit card and mortgage lending.

Annual premium income of UK based unit trusts, managed investment portfolios and life and pension products totalled £222m (1999 £238m). Sales of managed investment portfolios were broadly similar at £80m and sales of UK based unit trusts were down 9% at £89m because of exceptionally high sales in the period up to the withdrawal of PEPs in 1999. Sales of life and pension products were down 14% at £53m; this was primarily as a result of the cessation of endowment sales.

In 1999 operating profit increased by 7% to £884m. Excluding a further provision of £75m (1998 £nil) for the possible cost of redress to personal pension customers (non-priority cases) operating profit increased by 16%.

UK Small Business

Total income within UK Small Business increased 9% during the year as a result of growth in its customer base, combined with new product development and enhanced customer information management techniques. Deposits grew 4% to £6.7bn and lending balances grew 8% to £1.8bn.

Fees and commissions were maintained at similar levels to 1999, despite significant continuing competitive pressures on money transmission tariffs. Margins were also held at levels similar to last year.

Total costs fell 4% during the year, benefiting from increased efficiency arising from the continued centralisation of non-customer facing activities. Removal of processing from the branch network has enabled relationship managers increasingly to focus on customer activity.

UK Small Business launched a series of innovative new products and services during 2000. Most significant was the launch in August of the internet portal Clearlybusiness.com, a joint e-commerce development with Freeserve, which offers advice and information on starting-up and running a successful small business.

The number of Small Business customers registered for on-line banking continued to grow, up 123% to 150,000 (1999 67,000).

Africa

Operating profit rose by 24%, or £24m, to £122m. Total income across Africa increased 20% to £290m. Overall costs increased £5m to £140m, predominantly due to the high inflationary environment in Zimbabwe. Provisions increased to £28m (1999 £9m), reflecting the difficult political and economic situations experienced during the year in Kenya and Zimbabwe.

The Woolwich

	Period from 25th October to 31st December 2000 £m
Net interest income	119
Net fees and commissions	49
Income from long-term assurance business	5
Other operating income	4
Total income	177
Total costs	(99)
Provisions for bad and doubtful debt	(8)
Operating profit before fair value amortisation	70
Amortisation of fair value adjustments	(6)
Operating profit after fair value amortisation	64

Operating profit for the period from 25th October to 31st December 2000 was £70m before the amortisation of fair value adjustments (note 55) and includes £3m of mortgage incentives and £8m of software costs which have been written off in accordance with Barclays' accounting policies.

Net new lending on UK mortgages was £2.2bn for the year 2000, 40% higher than last year and gross new lending was £6.7bn, both representing a market share performance above The Woolwich's 5.3% market share of UK mortgage balances outstanding. As a result total UK mortgage balances rose 8.4% to £28.5bn at the end of 2000. The overall mortgage margin based on Barclays' accounting policies decreased slightly during the year to 0.83%.

Retail savings balances rose to £19.0bn (1999 £18.3bn) with increases being experienced in both UK mainland and offshore operations. This reversed previous years' trends of net annual outflows which were the result of competition from both established providers and new entrants to the market. The overall deposit margin for the full year was maintained at 1.28% despite continuing intense competition for retail funds.

Funds under management as at 31st December 2000 were £3bn, being composed of unit trust balances and life assurance assets.

Total costs of £99m for the period included £14m ongoing strategic investment expenditure primarily to support the Open Plan proposition as well as the cost of Sedgwick Independent Financial Consultants which became a subsidiary in October 2000. The Woolwich exceeded its targeted number of Open Plan customers for 2000 and ended the year with 544,000 (1999 44,000).

Wealth Management

	2000 £m	1999 £m	1998 £m
Net interest income	634	555	525
Net fees and commissions	590	565	490
Income from long-term assurance business	5	12	11
Other operating income	26	29	19
Total income	1,255	1,161	1,045
Total costs	(721)	(738)	(725)
Provisions for bad and doubtful debts	(12)	5	(3)
Operating profit	522	428	317

Operating profit in Wealth Management increased 25%, or £106m, to £522m after adjusting for the contribution of £12m from Merck Finck in 1999. The principal sources of profit growth were the UK (15% to £161m), continental Europe (31% to £98m), the Caribbean (62% to £76m) and offshore banking (23% to £184m).

Total income grew 10% to £1,255m, after adjusting for the adverse impact of exchange rate movements and the sale of Merck Finck.

Net interest income increased 14%, or £79m, to £634m as a result of good growth in lending and deposit balances across the businesses. Particularly strong growth was achieved in the UK with mortgage volumes increasing 19% and also in continental Europe where lending and deposits grew 24% and 15% respectively on a comparable basis.

Net fees and commissions grew 10%, or £52m, to £590m on a comparable basis. This growth is attributable to increased investment sales, introduction of new fee-based products and higher dealing commissions. Stockbroking volumes in the UK increased to 8,100 average deals per day (1999 6,600), and

the leading position in the UK, as measured by retail client orders was maintained.

Total customer funds, which include assets under management and on balance sheet deposits, grew 9% to £74bn (1999 £68bn excluding discontinued businesses) despite adverse market movements. Loans to customers grew 20% to £12bn (1999 £10bn).

Business as usual costs reduced 6%, or £46m, absorbing the impact of inflation and volume growth through business efficiency improvements. Strategic investment expenditure grew £21m to £33m in 2000, arising from major initiatives to strengthen our customer propositions. The key features were the development of a single banking and investment relationship for our customers including the qualification of UK relationship managers to provide investment advice, and the development of a seamless multi-channel service.

Across the business there are now 225,000 customers who are registered to use internet services (1999 73,000).

In 1999 operating profit in Wealth Management rose by 35% to £428m predominantly driven by strong growth in UK Premier Banking, Private Banking, Offshore Services, Stockbrokers and the Continental European retail businesses.

Barclaycard

Financial performance

	2000 £m	1999 £m	1998 £m
Net interest income	548	488	435
Net fees and commissions	521	480	456
Total income	1,069	968	891
Total costs	(410)	(397)	(413)
Provisions for bad and doubtful debts	(239)	(170)	(144)
Loss from joint ventures	(2)	-	-
Operating profit	418	401	334

Operating profit for Barclaycard increased 4% to £418m.

Net interest income increased 12% to £548m benefiting from continued strong growth in average UK extended credit balances, which rose 19% year on year to £5.5bn. This compared with the market growth rate of 13%. The proportion of interest earning balances to non-interest earning balances was maintained at over 70%.

The net interest margin reduced compared to 1999, mainly as a result of the balance consolidation promotions of 2000 and the increased range of rates available to cardholders.

Recruitment of UK retail customers improved 15% on last year to 740,000. Barclaycard has increased its share of the market across most measures such as interest earning balances and number of cards.

Fees and commissions increased 9% to £521m, principally reflecting cardholder turnover which grew by 12% year on year.

Barclaycard's international businesses in Europe recorded an operating loss of £27m (1999 loss £16m). This resulted from increased strategic investment expenditure and higher

provisions as the business continued to grow. Average extended credit balances increased 58% and the number of cards in issue overseas increased 16% to 1.2m.

Business as usual costs fell 2% despite a rise in fraud costs. Strategic investment spend increased £19m, to £59m representing the development of information management capabilities, international expansion and e-commerce businesses. Barclaycard continues to invest in chip technology and fraud identification systems to mitigate growth in fraud.

Provisions for bad and doubtful debts increased by 41% to £239m (1999 £170m). This increase was attributable to strong lending growth across the UK and international businesses and reflecting high levels of recruitment over the last two years.

Barclaycard has continued to build on its technological developments. It was the first UK credit card company to offer products on the web and now has 390,000 registered users of its website for on-line services. It also has over 80,000 active merchant relationships, of which over 4,400 are utilising Barclaycard's payment systems to provide shopping facilities on-line. In 2000, Barclaycard launched a joint venture with Nomura called IndigoSquare. This is an internet-based shopping portal, designed to provide a comprehensive and easy to use on-line shopping facility with products available from 80 retailers. The goal is to have more than 350 retailers supplying over 5 million products to 500,000 users by the end of 2001. IndigoSquare represents a new business opportunity providing Barclaycard with non-traditional revenue growth.

Barclaycard's 1999 operating profit at £401m was 20% higher than in 1998 following strong growth in extended credit balances and merchant transaction volumes.

Corporate Banking

Financial performance

	2000 £m	1999 £m	1998 £m
Net interest income	1,324	1,252	1,214
Net fees and commissions	752	690	613
Other operating income	(6)	1	3
Total income	2,070	1,943	1,830
Total costs	(870)	(863)	(862)
Provisions for bad and doubtful debts	(124)	(120)	2
(Loss)/income from associated undertakings	(6)	(13)	21
Operating profit before impact of Finance Act	1,070	947	991
Write-down of leases	-	-	(40)
Operating profit	1,070	947	951

Corporate Banking operating profit increased 13% to £1,070m in 2000. This reflected the combined effect of continued growth in total income of 7%, a significant increase in strategic investment and an increase in overseas provision levels.

Net interest income rose 6%. Average customer lending balances increased 10% to £47bn as a result of strong growth in UK lending and in the rest of Europe. Average customer deposit balances increased 6% to £37bn.

UK middle market lending volumes grew strongly, resulting from the implementation of the new sales strategy, providing relationship managers with a more focused sales management approach, together with mobile working technology. Lending growth was concentrated towards larger and higher quality customers and as a result the overall quality of the portfolio has improved. The Sales Financing product range, which includes factoring and invoice discounting, saw rapid growth in total volumes, up 63% to £7.1bn. This resulted from the ongoing investment programme to develop this business.

Growth in customer lending within the rest of Europe was predominantly in the established operations in Germany and France. Lending exposure to Latin America fell.

UK lending margins were maintained in line with the improved quality of the lending portfolio. Overseas margins were held as stability returned to Latin American markets.

The growth in average UK deposits was stronger in branch based accounts which attract a higher margin compared with treasury deposit products. As a result, the overall deposit margin was maintained, despite competitive pressures and a reduced contribution from non-interest bearing current accounts.

Net fees and commissions increased 9% to £752m. Lending related fees rose strongly as a result of the growth in the use of on and off balance sheet financing products and strong sales of products relating to structured trade and export finance. Money transmission income reduced slightly due to intensifying competitive pressure. Foreign exchange related income increased in line with volume growth. Increased use of electronic products, such as BusinessMaster, has led to over 35% of UK corporate customers now being registered for these services.

The loss from associated undertakings primarily reflected the Group's Brazilian associate, Banco Barclays e Galicia SA.

Costs excluding strategic investment fell 6%, with the continued reduction in headcount and the sale of Dial (the contract hire business) in June 2000 being contributory factors. There was a significant increase in strategic investment to £93m (1999 £37m) including investment in Barclays B2B.com and enhancements to the Corporate Banking middle market franchise.

In collaboration with Accenture and Oracle, Barclays B2B.com was created in 2000 to e-enable the delivery of business services to companies with a turnover of between £5m and £250m. Its initial offering, the Barclays B2B exchange, has created a secure marketplace enabling buyers and sellers to benefit from lower processing costs and increased management control in their business transactions. Barclays B2B.com had over 2,000 businesses registered to trade on-line at the end of 2000.

The net provisions charge increased to £124m (1999 £120m) and included a charge for two larger non-UK items. The net charge was also impacted by lower levels of releases and recoveries at £76m (1999 £85m). UK provisions, while showing a slightly rising trend, currently remain at relatively low levels.

Corporate Banking operating profit in 1999 (excluding the impact of a £40m write down in lease receivables in 1998), reduced by £44m or 4% to £947m as a result of a reduction in the level of releases and recoveries to £86m (1998 £168m).

Barclays Capital

Financial performance

	2000 £m	1999 £m	1998 £m
Net interest income	483	400	417
Dealing profits	672	549	(38)
Net fees and commissions	268	163	159
Other operating income	39	40	42
Total income	1,462	1,152	580
Total costs	(998)	(805)	(701)
Provisions for bad and doubtful debts	(61)	(36)	(160)
Operating profit	403	311	(281)

Operating profit increased 30% to £403m reflecting continued strong performance in both the Rates and the Credit businesses. The growth in profits was achieved despite difficult market conditions in the second half of 2000.

Dealing profits rose 22%, or £123m, to £672m. The Rates businesses continued to perform well, in particular interest rate derivatives. In the Credit businesses, equity derivatives and credit repackaging made good contributions but in the second half these were in part offset by difficult market conditions in the secondary bond market due to the widening of credit spreads.

Risk management continued to be an important focus. Operating profit growth significantly exceeded the increase in risk utilisation; average daily value at risk (DVAR) increased 9%.

Net interest income increased 21% to £483m primarily as a result of continued strong growth in revenues from structured capital markets and the credit portfolio.

Net fees and commissions rose 64% to £268m reflecting the increased number and size of transactions completed in the Credit businesses. Fees and commissions growth was strong across all the Credit businesses, in particular primary loans, primary bonds and structured capital markets. Primary loans activity included large acquisition related lending across Europe, America and Asia, while in primary bonds, Barclays Capital strengthened its position in euros and maintained its leading position in sterling new issues.

Provisions for bad and doubtful debts grew 69% to £61m (1999 £36m) and were mainly related to overseas exposures.

Total costs rose 24% to £998m (1999 £805m). Revenue related costs grew due to higher performance related remuneration. There was also increased strategic investment in product, client coverage and distribution capabilities, most notably the distribution and coverage networks in Germany, France and Switzerland.

Business as usual costs increased 4%, mainly reflecting growth in headcount in the second half of the year. Headcount increased by 8% over the previous year.

The 1999 operating profit of £311m, compared to an operating loss of £281m in 1998, was a result of stability returning to the world credit markets.

Barclays Global Investors

Financial performance

	2000 £m	1999 £m	1998 £m
Net fees and commissions	435	318	277
Net interest income	10	6	9
Other operating income	(1)	1	1
Total income	444	325	287
Total costs	(379)	(281)	(236)
Loss from associated undertakings	-	(1)	-
Operating profit	65	43	51

Operating profit grew 51% to £65m in a year of major investments and flat or declining markets in most parts of the business. This was mainly as a result of a 37% growth in fees and commissions. This revenue growth resulted from strong active product growth and performance, which generated significant incentive fees (active fees comprised almost 50% of total fees and commissions). There was also strong securities lending revenue growth, reflecting value chain extension strategies to enhance the profitability of indexing.

Total assets under management grew 13% to £550bn from £486bn at 31st December 1999; £34bn of the increase was attributable to net new business and £30bn was attributable to market and exchange rate translation movements. Assets under management consist of £435bn of indexed funds and £115bn under advanced active management. Most geographical regions experienced good growth in assets.

The strong profit performance was achieved notwithstanding a 21% increase in business as usual costs which largely reflected the growth in business volumes. Strategic investment expenditure increased to £51m (1999 £35m) with investments aimed at ensuring sustained growth and increased market share in one of the fastest growing sectors in the financial services industry. Revenue related costs grew £31m with a 53% increase in performance related remuneration reflecting the strong revenue and profit performance for the year.

Notable accomplishments in 2000 include a successful and extensive launch of iShares (exchange-traded funds) in the US, UK and Canada; the introduction of several new Advanced Active products in the US, UK and Europe; and first-to-market internet-based product and service offerings that both open new markets to BGI and enhance client service.

Operating Profit in 1999 declined by £8m and costs rose by £45m reflecting the doubling of strategic investments (£28m). Fees and commissions increased by 15% and assets under management by 31% because of growth in assets, favourable market conditions and new markets for securities lending.

Businesses in Transition

Financial performance

	2000 £m	1999 £m	1998 £m
France in Transition	–	–	18
United States Transition	–	–	19
Other Businesses in Transition	–	–	11
	–	–	48
Former BZW businesses	–	–	(33)
Operating profit	–	–	15

These asset portfolios, which continue to be managed down, have been reported primarily within Other operations since 1999.

Other operations

Financial performance

	2000 £m	1999 £m	1998 £m
Property management	41	21	(17)
Central services	(75)	(52)	(52)
Management of Group capital	33	44	(98)
Operating (loss)/profit	(1)	13	(167)

The increased surplus on Property management reflects an increase in the profit on disposal of properties (2000 £11m, 1999 £3m) and an increase in costs recharged to Group businesses. The Central services deficit for the year increased by £23m as a result of increased strategic investment in e-commerce and other infrastructure technology by Service Provision.

The surplus reported in Management of Group capital is attributable to credits arising in transition businesses that are managed centrally. These have been partly offset by a deficit from the central management of Group capital, compared with a surplus in 1999. This is mainly attributable to increased interest allocations to business groups, reflecting higher short-term interest rates and increased usage of regulatory capital by individual businesses. The basis of allocation to the businesses remains in line with previous years. Lower average medium term rates have also had an adverse effect on the earnings from capital balances as have the costs of share buy-backs.

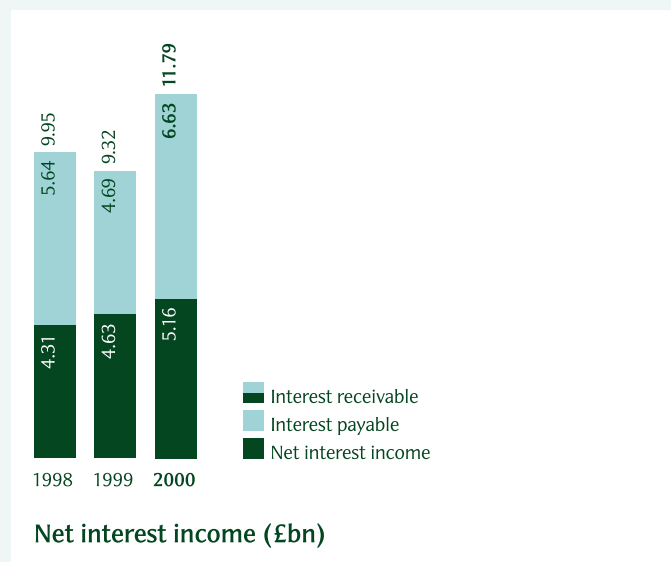
Head office functions

Financial performance

	2000 £m	1999 £m	1998 £m
Operating costs	(93)	(77)	(72)

Results by nature of income and expense

In the tables below, income and cost totals excluding, where appropriate, the results of The Woolwich, related integration costs, restructuring costs, the results of former BZW businesses and the write-down of leases are shown to assist in the analysis of the ongoing business performance.



Net Interest Income

	2000 £m	1999 £m	1998 £m
Interest receivable	11,788	9,320	9,952
Interest payable	(6,635)	(4,696)	(5,604)
Profit on redemption/ repurchase of loan capital	2	3	3
	5,155	4,627	4,351
Write-down of leases	-	-	(40)
	5,155	4,627	4,311
Excluding The Woolwich, former BZW businesses and write-down of leases	5,068	4,627	4,353

Net interest income increased 11% to £5,155m. Adjusting for the impact of The Woolwich acquisition (including interest forgone on the cash element of the acquisition cost), loss of interest income arising from the share repurchases and business disposals, underlying net interest income also increased by 11%.

In Retail Financial Services net interest income increased 7% to £2,649m excluding net interest arising in The Woolwich. This was primarily as a result of strong growth in Wealth Management and increased UK lending and deposit balances. In Wealth Management, particularly strong growth was achieved in the UK, with average Premier Banking mortgage balances increasing by 19% and, in continental Europe, where average lendings and deposits grew by 24% and 15% respectively. In Small Business average deposits grew by 4% to £6.7bn and average lending balances grew 8% to £1.8bn. In UK Personal Customers, current accounts and average savings balances benefited from good volume growth, despite some pressure on margins. Excluding The Woolwich, the overall UK retail lending margin reduced primarily as a result of pricing decisions in respect of consumer lending products and a change in mix of mortgage products. The overall UK retail deposit margin, excluding The Woolwich, experienced some downward pressure in the second half of the year.

Net interest income in Barclaycard improved 12% to £548m benefiting from continued strong growth in average UK extended credit balances which rose 19% year on year to £5.5bn. This compared with the market growth rate of 13%. The net interest margin fell slightly compared to 1999, mainly as a result of the balance consolidation promotions of 2000 and the increased range of rates available to cardholders.

Corporate Banking net interest income rose 6% to £1,324m. Average customer lending balances increased 10% to £47bn as a result of strong growth in UK lending and in the rest of Europe. Average customer deposit balances increased 6% to £37bn with relatively strong growth in the UK. The overall UK lending margin in Corporate Banking was maintained in line with the improving quality of the portfolio.

In Barclays Capital net interest income increased 21% to £483m primarily as a result of continued strong growth in revenues from structured capital markets and the credit portfolio.

Overall banking margins reduced to 3.11% from 3.40% as a result of increased volumes in lower margin wholesale business in Barclays Capital and also reductions in UK margins in Retail Financial Services, Barclaycard and Corporate Banking. Additionally, the two month impact of the acquisition of The Woolwich on the Group's mix of interest earning assets has been to reduce the Group margin by 6 basis points.

The benefit of free funds was flat at 0.51% (1999 0.52%). The rise in short-term market rates of interest reduced the contribution to the net margin from the central management of Group interest rate exposure to 0.05% from 0.21%. The overall benefit of free funds on a hedged basis has reduced to 0.56% from 0.73% in 1999 as a result of a decrease in the effective rate of the hedge and a reduction in the proportion of free funds to interest earning assets.

In 1999 net interest income increased by £274m or 6% excluding the contribution from the former BZW businesses and the write-down of leases. This reflected volume growth in Retail Financial Services and Corporate Banking and an improved contribution from the central management of Group capital.

Prevailing average Interest rates

	2000 %	1999 %	1998 %
UK: Barclays Bank PLC base rate London Inter-Bank Offered Rate (LIBOR):	5.96	5.35	7.23
three month sterling	6.10	5.54	7.43
three month eurodollar	6.47	5.37	4.90
United States prime rate	9.24	7.99	8.36

Average interest earning assets and liabilities – banking business

	2000 £m	1999 £m	1998 £m
Average interest earning assets:			
Group	166,200	136,267	127,396
Domestic	104,845	87,407	82,095
International	61,355	48,860	45,301
Average interest bearing liabilities:			
Group	147,367	118,496	109,225
Domestic	89,130	73,850	66,492
International	58,237	44,646	42,733

Yields, spreads and margins – banking business

	2000 %	1999 %	1998 %
Gross yield (a)			
Group	7.09	6.84	7.81
Domestic	7.90	7.66	8.90
International	5.71	5.38	5.84
Interest spread (b)			
Group	2.60	2.88	2.69
Domestic	3.54	3.89	3.40
International	1.01	1.10	1.30
Interest margin (c)			
Group	3.11	3.40	3.42
Domestic	4.19	4.47	4.44
International	1.25	1.47	1.55

Notes

(a) Gross yield is the interest rate earned on average interest earning assets.

(b) Interest spread is the difference between the interest rate earned on average interest earning assets and the interest rate paid on average interest bearing liabilities.

(c) Interest margin is net interest income as a percentage of average interest earning assets.

Domestic business is conducted primarily in sterling and is transacted by Retail Financial Services, Barclaycard, Corporate Banking, Barclays Capital and Group Treasury. International business is conducted primarily in foreign currencies. In addition to the business carried out by overseas branches and subsidiaries, international business is transacted in the UK by Barclays Capital, mainly with customers domiciled outside the UK.

The yields, spreads and margins shown opposite have been computed on this basis, which generally reflects the domicile of the borrower. They exclude profits and losses on the redemption and repurchase of loan capital, one-off write-downs of leases and the unwinding of the discount on vacant leasehold property provisions.

The net interest income and average balances of the trading business are shown separately on the average balance sheet on pages 28 and 29.

Net fees and commissions

	2000 £m	1999 £m	1998 £m
Fees and commissions receivable	3,689	3,207	3,008
Less: fees and commissions payable	(320)	(275)	(229)
	3,369	2,932	2,779
Excluding The Woolwich and former BZW businesses	3,320	2,932	2,771

Net fees and commissions, excluding The Woolwich, increased 13% to £3,320m reflecting strong growth in Barclays Global Investors and Barclays Capital and good performances in the other businesses.

In Barclays Global Investors fee income increased by 37% to £435m driven by strong active product growth and performance which has generated significant incentive fees. Fees on active products comprised almost 50% of total fees and commissions. The increase also reflects strong securities lending revenue growth and a net increase in assets under management of 13% despite flat or declining global markets.

Net fees and commissions in Barclays Capital rose 64% to £268m reflecting the increased number and size of transactions completed in the Credit businesses. Growth was strong across all the Credit businesses, in particular, primary loans, primary bonds and structured capital markets.

In Retail Financial Services, fees and commissions, excluding The Woolwich increased 5% to £1,370m. Within Retail Customers net fees increased 6% mainly as a result of additional current account and overdraft lending activity and higher fee income from Additions accounts. In Wealth Management, fees and commissions grew 10% to £590m on a comparable basis (including adjustments for disposals) reflecting increased investment sales, introduction of new fee based products and higher dealing commissions.

Corporate Banking fees increased 9% to £752m. Lending related fees rose strongly and foreign exchange income increased in line with volume growth. Money transmission income reduced slightly due to intensifying competitive pressures.

In Barclaycard, fees and commissions increased 9% to £521m, principally reflecting cardholder turnover which grew by 12% year on year.

Corporate Banking and Retail Financial Services fees and commissions include £120m (1999 £100m) in respect of foreign exchange income on customer transactions with Barclays Capital.

In 1999 net fees and commissions were 6% higher at £2,932m reflecting strong performances in all businesses.

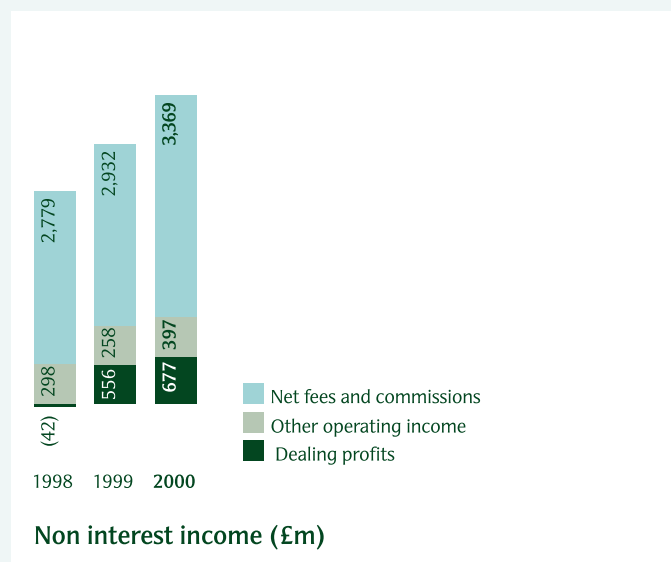
Dealing Profits

	2000 £m	1999 £m	1998 £m
Rates related business	536	397	134
Credit related business	141	159	(176)
	677	556	(42)
Excluding The Woolwich acquisition and former BZW businesses	677	556	(36)

Dealing profits rose 22% with almost all the Group's dealing profits arising in Barclays Capital. The Rates businesses continued to perform well, in particular interest rate derivatives. In the Credit businesses, equity derivatives and credit repackaging made good contributions, but in the second half these were in part offset by continuing difficult market conditions in the secondary bond market due to the widening of credit spreads.

Total foreign exchange income for the year was £388m (1999 £380m) and consisted of the revenues earned from both retail and wholesale activities. The foreign exchange revenue earned by Retail Financial Services and Corporate Banking on customer transactions is reported within fees and commissions.

Dealing profits in 1999 increased by £592m as a result of stability returning to the world credit markets.



Other operating Income

	2000 £m	1999 £m	1998 £m
Dividend income from equity shares	14	12	10
Profits on disposal of investment securities	45	41	41
Income from the long-term assurance business	171	44	109
Property rentals	22	27	44
Premium income on insurance underwriting	126	102	31
Other income	19	32	63
	397	258	298
Excluding The Woolwich	388	258	298

Income from the long term assurance business increased £52m adjusting for the £75m provision for possible redress to personal pension customers (non priority cases), which was raised during 1999. The increase in 2000 benefited from reductions in costs charged to the funds, a net £18m increase from applying current actuarial assumptions and £5m from the inclusion of Woolwich Life. Total provisions of £226m, including £16m in The Woolwich, have been raised to date for the cost of the redress for personal pension customers for priority and non-priority cases, of which £97m remains unutilised as at 31st December 2000. The result of the long term assurance business is after charging costs borne directly in the funds of £146m (1999 £165m).

Premium income on insurance underwriting increased to £126m (1999 £102m), benefiting from improved volumes of consumer lending, overdrafts, mortgages and credit card lending.

In 1999 other operating income was £40m lower than in 1998. Increased premium income on insurance underwriting was offset by the £75m charge in respect of the possible cost of redress to personal pension customers (non-priority cases), lower property rentals and reduced other income.

Administrative expenses – staff costs

	2000 £m	1999 £m	1998 £m
Salaries and accrued incentive payments	2,559	2,387	2,211
Social security costs	178	190	173
Pension costs	(31)	38	37
Post-retirement health care	1	15	17
UK profit sharing	96	80	88
Other staff costs	416	347	285
	3,219	3,057	2,811
Included above:			
The Woolwich	42	–	–
Integration costs	1	–	–
Restructuring charge	171	192	–
Former BZW businesses	–	–	22
Excluding The Woolwich, integration costs, restructuring charge and former BZW businesses	3,005	2,865	2,789

Staff numbers

	2000	1999	1998
Retail Financial Services**	49,900	46,100	49,100
Barclaycard	3,900	3,600	4,000
Corporate Banking	9,700	11,400	11,500
Barclays Capital	4,300	4,000	4,400
Barclays Global Investors	2,100	1,700	1,500
Other operations	4,900	7,100	7,600
Head office functions	500	400	400
Businesses in Transition	–	–	100
Staff numbers (period end)*	75,300	74,300	78,600

* Staff numbers do not include temporary and agency staff of 4,800 (31st December 1999 3,600, 31st December 1998 4,000) whose costs are included in staff costs.

** Staff numbers also exclude 1,000 UK regulated sales force and field sales managers (31st December 1999 1,000) and 1,100 administrative staff (31st December 1999 1,300) whose costs are borne within the long-term assurance fund.

Of the 75,300 staff at 31st December 2000, 58,200 (including 1,200 in the Channel Islands and Isle of Man) were based in the UK, 4,400 in other EU countries, 2,700 in the United States and 10,000 in the Rest of the world.



* Including 6,500 in respect of The Woolwich

Staff costs

Staff costs excluding the restructuring charge and costs relating to The Woolwich increased 5% to £3,005m. Salaries and accrued incentive payments rose by 7% largely reflecting increased performance related payments in Barclays Capital and BGI. Excluding performance related payments, salary costs across the Group were flat compared with 1999. In Retail Financial Services, Corporate Banking and Service Provision savings from job reductions offset the impact of the annual UK pay award.

Pension costs include a £74m credit (1999 £nil) in respect of the Group's main UK schemes following a review of the assumptions relating to the surplus and the continued nil contribution.

In 1999 staff costs, excluding the restructuring charge and costs in relation to former BZW businesses, rose by 3% over 1998. The increase reflected higher performance related payments in Barclays Capital in line with improved profitability. Underlying staff costs, excluding performance related payments, were slightly below 1998 levels.

Staff number reduction in 2000

Excluding The Woolwich, staff numbers decreased by 5,500 to 68,800, primarily as a result of continuing job reductions in the UK. The reduction in staff numbers relating to the 2000 restructuring programme amounted to 2,700 with a further 1,500 attributable to the 1999 programme where the notice process was underway at the end of 1999. The reduction in Corporate Banking staff numbers includes 700 as a result of the sale of Dial. Staff numbers also reduced by a net 600 as a result of outsourcing and other movements.

In addition to the 4,200 staff who have left the Group in 2000 under the 2000 and 1999 restructuring programmes, a further 2,100 staff were in the process of being served notice at 31st December 2000 and are covered by the 2000 restructuring charge of £171m (total jobs affected 4,800).

The increases in Barclays Capital, Barclays Global Investors and Barclaycard staff numbers reflected increased business volumes and investments in new activities.

Administrative expenses – other

	2000 £m	1999 £m	1998 £m
Property and equipment expenses			
Hire of equipment	20	21	28
Property rentals	157	218	195
Other property and equipment expenses	641	613	635
	818	852	858
Other administrative expenses			
Stationery, postage and telephones	261	236	230
Advertising and market promotion	221	190	225
Travel, accommodation and entertainment	123	117	113
Subscriptions and publications	65	58	46
Securities clearing and other operational expenses	26	20	49
Sundry losses, provisions and write-offs	115	78	53
Statutory and regulatory audit and accountancy fees	7	6	6
Consultancy fees	158	121	126
Professional fees	99	88	91
Other expenses	74	41	32
	1,967	1,807	1,829
Included above:			
The Woolwich	47	–	–
Integration costs	6	–	–
Restructuring charge	61	152	–
Former BZW businesses	–	–	17
Excluding The Woolwich, integration costs, restructuring charge and former BZW businesses	1,853	1,655	1,812

Administrative expenses increased by 12% to £1,853m, excluding operational costs of The Woolwich following acquisition, integration costs and restructuring costs.

Advertising and market promotion expenditure returned to pre-1999 levels; increased stationery, postage and telephone expenses was in part volume related; consultancy fees increased primarily as a result of strategic project initiatives. Increased fraud losses reflecting industry experience are reflected in sundry losses.

Administrative expenses in 1999 included £152m in respect of the 1999 restructuring programme, of which £87m related to provisions for future costs on surplus leasehold properties. Excluding this charge and the costs of the former BZW businesses in 1998, there was a fall in the costs of the ongoing businesses of £157m to £1,655m.

Depreciation and amortisation

	2000 £m	1999 £m	1998 £m
Property depreciation	85	93	88
Equipment depreciation	166	170	172
Loss on sale of equipment	4	4	5
Write back of surplus properties	-	-	(2)
	255	267	263
Goodwill amortisation			
- The Woolwich	38	-	-
- other	13	13	12
	306	280	275
Excluding The Woolwich	259	280	275

Goodwill amortisation relating to The Woolwich acquisition is based on total goodwill of £4,121m and an estimated economic life of 20 years which will result in a charge of £206m per annum, £38m for the period from 25th October 2000 to 31st December 2000.

Provisions for bad and doubtful debts

	2000 £m	1999 £m	1998 £m
Credit risk provision charge/(release)			
specific	782	637	505
general	40	(16)	(20)
Country risk provision charge/(release)			
specific	(5)	(2)	(13)
general	-	2	20
	817	621	492
Excluding The Woolwich	809	621	492

The net provisions charge rose 32% to £817m (including £8m relating to The Woolwich). The increase in the net specific credit risk charge reflected both an increase in new and increased provisions of £94m and a reduction in releases and recoveries of £51m.

The rise in new and increased provisions primarily relates to Retail Financial Services and Barclaycard with both experiencing increased volumes. Corporate Banking experienced new provisions in respect of two larger individual customers as well as lower releases and recoveries. £33m of the £124m charge in Corporate Banking related to overseas specific provisions. There was an increase in provisions in relation to overseas exposures in Barclays Capital.

The credit risk general provision charge was £40m compared to a release of £16m in 1999. The charge for general provision was mainly in respect of Barclays Capital and Corporate Banking.

The net provision charge for the period as a percentage of average banking loans and advances was 0.67% compared with 0.58% in 1999.

In 1999 the net charge for provisions rose by £129m to £621m largely reflecting volume growth in UK consumer lending and extended credit transactions at Barclaycard and to a lesser extent less favourable economic factors that affected the first half of 1999.

Provisions for contingent liabilities and commitments

	2000 £m	1999 £m	1998 £m
	(1)	1	76

The charge in 1998 related to the contribution to the overall settlement to the Administrators of British and Commonwealth Holdings PLC.

(Loss)/profit from joint ventures and associated undertakings

	2000 £m	1999 £m	1998 £m
Loss from joint ventures	(1)	(1)	-
(Loss)/Income from associated undertakings	(7)	(13)	22
	(8)	(14)	22

The loss from associated undertakings in 2000 and 1999 largely arose in the Group's Brazilian associate Banco Barclays e Galicia SA.

Loss on sale or restructuring of BZW

	2000 £m	1999 £m	1998 £m
	-	(30)	(3)

Profit/(loss) on disposal of other Group undertakings

	2000 £m	1999 £m	1998 £m
	214	(108)	4

The profit on disposal of other Group undertakings includes a £186m profit on the sale of Dial in June 2000 and £18m profit on the sale of Barclays Property Investment Management in October 2000.

The loss on disposal of other Group undertakings in 1999 includes a £117m loss (after £138m charge for goodwill which had been previously written off to reserves) on the sale of Merck Finck in March 1999.

Tax

The overall tax charge is explained in the following table:

	2000 £m	1999 £m	1998 £m
Tax charge at average UK corporation tax rate of 30% (1999 30.25%, 1998 31%)	1,049	743	583
Deferred tax adjustments for the leasing business	–	–	(18)
Prior year adjustments	9	(44)	18
Effect of change in non-allowable general provisions	24	4	–
Effect of non-allowable property write-downs and depreciation	6	7	9
Net effect of differing tax rates overseas	(43)	(34)	(21)
Net effect of overseas losses not available for relief in the UK	(5)	–	(16)
Other non-allowable expenses	16	9	11
Gains covered by capital losses brought forward	(53)	–	(4)
Other items	(59)	(41)	(42)
Overall tax charge	944	644	520
Effective tax rate %	27.0	26.2	27.6

The increase in the effective rate to 27.0% from 26.2% in 1999 reflects the gain on the sale of Dial being sheltered by capital gains tax losses offset by an increase in non-allowable general provisions and the effect of prior year adjustments.

Restructuring charge

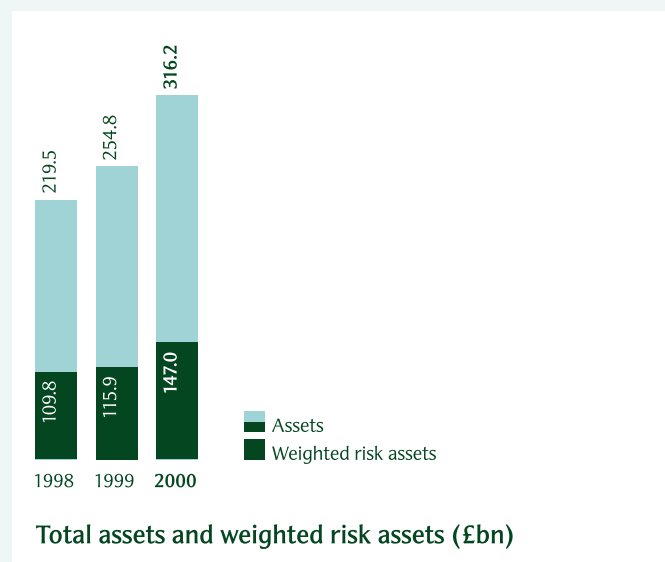
In 2000 the Group incurred a restructuring charge of £232m (1999 £344m) of which £134m related to Retail Financial Services with the remainder arising mainly in Corporate Banking and Central Services. The 1999 charge related to job reductions in the UK, principally in Retail Financial Services and Corporate Banking, and in certain international operations of Retail Financial Services.

£171m of the £232m restructuring charge is contained within staff costs (1999 £192m) and relates to some 2,700 job reductions in 2000 (1999 5,300) and a further 2,100 staff (1999 900) who were in the process of being served notice at the year end.

Administrative expenses charged in connection with the restructuring amounted to £61m (1999 £152m).

Related expenditure of £166m was incurred in the year against the provisions raised for the 1999 programme and a further £118m in respect of the 2000 programme. The accrued provision at 31st December 2000 amounted to £132m (1999 £184m).

Total assets and liabilities



The Group's balance sheet grew £61bn, or 24%, to £316bn in 2000, and included £37bn of assets and £4.1bn of goodwill in respect of The Woolwich. This compared to a 16% increase in 1999. Weighted risk assets rose 27% to £147bn, of which £19bn (13%) relates to The Woolwich.

Retail Financial Services assets (excluding The Woolwich) grew 6% to £44.1bn, compared with a 4% increase in 1999. Weighted risk assets were 9% higher at £28.5bn. Consumer lending balances in the UK increased by 5% to £6.5bn over the year and mortgage outstandings grew by 6% to £17.7bn. Wealth Management assets have grown strongly across most business units, with particularly high growth in UK Premier Banking and Iberia.

The assets of Barclays Capital increased 8%, to £157bn (1999 £145bn). This was largely due to a £10bn increase in the holdings of debt securities across both the Rates and Credit businesses and a £2bn increase in reverse repos and stock lending assets due to increased customer financing. Total weighted risk assets increased 7% to £34bn (1999 £32bn) in line with the increase in assets.

Corporate Banking assets grew 13% to £53bn, adjusted for the sale of Dial (1999 £47bn). Weighted risk assets increased by 13% to £55bn on the same basis. UK middle market lending grew strongly, particularly to larger and higher quality customers. Lending volumes in the international business continued to grow strongly in Europe while volumes in Latin America reduced. In 2000 the sale of Dial reduced total assets by £800m.

Barclaycard assets grew £1.4bn, or 19%, to £8.7bn in 2000 reflecting strong growth in credit card outstandings in the UK and Europe. Weighted risk assets increased by 18%.

Assets of other operations fell by £1bn mainly because of lower holdings of government loan stock.

Retail life fund assets, excluding The Woolwich (£721m), reduced by £50m.

Repo transactions

Under a repo (sale and repurchasing agreement), an asset is sold to a counterparty with a commitment to repurchase it at a future date at an agreed price. The Group engages in repos and also in reverse repos, which are the same transaction in the opposite direction, the Group buying an asset with a fixed commitment to resell. The Group aims to earn spread and trading income from these activities as well as funding its own holdings of securities.

The following amounts were included in the balance sheet for repos and reverse repos and are reported on a net basis where permitted:

	2000 £m	1999 £m	1998 £m
Reverse repos (assets)			
Loans and advances to banks	25,595	26,040	14,952
Loans and advances to customers	20,758	19,910	10,635
	46,353	45,950	25,587
Repos (liabilities)			
Deposits by banks	16,275	16,631	6,512
Customer accounts	17,053	17,422	11,200
	33,328	34,053	17,712

The average and maximum amount of reverse repos for 2000 were £48,952m and £60,356m (1999 £35,495m and £47,468m, 1998 £39,174m and £62,913m) respectively.

The average and maximum amount of repos for 2000 were £40,462m and £52,163m (1999 £29,671m and £39,099m, 1998 £32,181m and £55,274m) respectively.

Average balance sheet and net interest income (year ended 31st December)

	2000			1999			1998		
	Average balance £m	Interest £m	Average rate %	Average balance £m	Interest £m	Average rate %	Average balance £m	Interest £m	Average rate %
Assets									
Treasury bills and other eligible bills:									
in offices in the UK	4,491	146	3.3	3,697	175	4.7	2,445	154	6.3
in offices outside the UK	844	88	10.4	898	90	10.0	963	103	10.7
Loans and advances to banks:									
in offices in the UK	6,579	355	5.4	7,762	361	4.7	10,561	605	5.7
in offices outside the UK	6,361	397	6.2	8,224	442	5.4	11,138	535	4.8
Loans and advances to customers:									
in offices in the UK	83,651	6,810	8.1	68,752	5,549	8.1	62,304	5,757	9.2
in offices outside the UK	20,693	1,298	6.3	16,154	893	5.5	11,596	863	7.4
Lease receivables:									
in offices in the UK	4,683	316	6.7	5,059	346	6.8	5,499	452	8.2
in offices outside the UK	366	39	10.6	537	67	12.5	240	21	8.8
Debt securities:									
in offices in the UK	26,973	1,630	6.0	15,256	851	5.6	13,804	910	6.6
in offices outside the UK	11,559	709	6.1	9,928	546	5.5	8,846	552	6.2
Average assets of banking business	166,200	11,788	7.1	136,267	9,320	6.8	127,396	9,952	7.8
Average assets of trading business	98,156	4,808	4.9	67,278	3,655	5.4	77,599	3,809	4.9
Total average interest earning assets	264,356	16,596	6.3	203,545	12,975	6.4	204,995	13,761	6.7
Provisions	(2,115)			(1,955)			(1,847)		
Non-interest earning assets	43,125			42,526			39,957		
Total average assets and interest income	305,366	16,596	5.4	244,116	12,975	5.3	243,105	13,761	5.7
Percentage of total average assets in offices outside the UK	31.4			31.0			29.6		
Average interest earning assets and net interest income:									
Banking business	166,200	5,161	3.1	136,267	4,630	3.4	127,396	4,352	3.4
Trading business	98,156	(216)	(0.2)	67,278	(31)	–	77,599	(25)	–
Write-down of leases		–	–		–	–		(40)	–
Discount rate adjustment on provisions		(8)	–		(6)	–		(4)	–
Profit on redemption/repurchase of loan capital		2	–		3	–		3	–
Total average interest earning assets and net interest income	264,356	4,939	1.9	203,545	4,596	2.3	204,995	4,286	2.1
Total average interest earning assets related to:									
Interest income		16,596	6.3		12,975	6.4		13,761	6.7
Interest expense		(11,651)	(4.4)		(8,376)	(4.1)		(9,434)	(4.6)
Write-down of leases		–	–		–	–		(40)	–
Discount rate adjustment on provisions		(8)	–		(6)	–		(4)	–
Profit on redemption/repurchase of loan capital		2	–		3	–		3	–
		4,939	1.9		4,596	2.3		4,286	2.1

Average balance sheet and net interest income (year ended 31st December)

	2000			1999			1998		
	Average balance £m	Interest £m	Average rate %	Average balance £m	Interest £m	Average rate %	Average balance £m	Interest £m	Average rate %
Liabilities and shareholders' funds									
Deposits by banks:									
in offices in the UK	21,465	932	4.3	14,210	479	3.4	17,911	719	4.0
in offices outside the UK	13,736	545	4.0	11,506	460	4.0	11,726	505	4.3
Customer accounts – demand deposits:									
in offices in the UK	13,302	220	1.7	12,786	168	1.3	11,072	201	1.8
in offices outside the UK	1,707	50	2.9	1,827	35	1.9	2,088	44	2.1
Customer accounts – savings deposits:									
in offices in the UK	27,349	1,005	3.7	24,517	772	3.1	22,635	1,110	4.9
in offices outside the UK	1,312	62	4.7	1,307	55	4.2	1,120	63	5.6
Customer accounts – other time deposits – retail:									
in offices in the UK	28,639	1,634	5.7	23,998	1,231	5.1	22,703	1,574	6.9
in offices outside the UK	5,785	316	5.5	5,076	234	4.6	5,262	266	5.1
Customer accounts – other time deposits – wholesale:									
in offices in the UK	22,596	1,165	5.2	19,555	848	4.3	17,379	890	5.1
in offices outside the UK	10,005	553	5.5	6,067	306	5.0	5,904	307	5.2
Debt securities in issue:									
in offices in the UK	19,904	1,057	5.3	15,656	777	5.0	14,554	913	6.3
in offices outside the UK	7,279	457	6.3	7,130	379	5.3	6,181	340	5.5
Dated and undated loan capital and other subordinated liabilities principally in offices in the UK									
Internal funding of trading business	4,643	335	7.2	4,092	263	6.4	3,372	244	7.2
	(30,355)	(1,704)	5.6	(29,231)	(1,317)	4.5	(32,682)	(1,576)	4.8
Average liabilities of banking business	147,367	6,627	4.5	118,496	4,690	4.0	109,225	5,600	5.1
Average liabilities of trading business	98,297	5,024	5.1	71,535	3,686	5.2	79,513	3,834	4.8
Total average interest bearing liabilities	245,664	11,651	4.7	190,031	8,376	4.4	188,738	9,434	5.0
Interest free customer deposits:									
in offices in the UK	9,468			8,677			8,333		
in offices outside the UK	1,858			1,597			1,278		
Other non-interest bearing liabilities	37,637			35,190			36,652		
Minority and other interests and shareholders' funds	10,739			8,621			8,104		
Total average liabilities, shareholders' funds and interest expense	305,366	11,651	3.8	244,116	8,376	3.4	243,105	9,434	3.9
Percentage of total average non-capital liabilities in offices outside the UK	30.5			30.3			30.0		

Notes

(a) Loans and advances to customers and banks include all doubtful lendings, including non-accrual lendings. Interest receivable on such lendings has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Group.

(b) Average balances are based upon daily averages for most UK banking operations and monthly averages elsewhere.

(c) The average balance sheet does not include the retail life-fund assets attributable to policyholders nor the related liabilities.

Changes in net interest income – volume and rate analysis

The following table allocates changes in net interest income between changes in volume and changes in interest rates for the last two years. Volume and rate variances have been calculated on the movement in the average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities. Where variances have arisen from changes in both volumes and interest rates, these have been allocated proportionately between the two.

	2000/1999 Change due to increase/(decrease) in:			1999/1998 Change due to increase/(decrease) in:		
	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Interest receivable						
Treasury bills and other eligible bills:						
in offices in the UK	(29)	33	(62)	21	66	(45)
in offices outside the UK	(2)	(6)	4	(13)	(7)	(6)
	(31)	27	(58)	8	59	(51)
Loans and advances to banks:						
in offices in the UK	(6)	(59)	53	(244)	(143)	(101)
in offices outside the UK	(45)	(110)	65	(93)	(151)	58
	(51)	(169)	118	(337)	(294)	(43)
Loans and advances to customers:						
in offices in the UK	1,261	1,213	48	(208)	562	(770)
in offices outside the UK	405	274	131	30	286	(256)
	1,666	1,487	179	(178)	848	(1,026)
Lease receivables:						
in offices in the UK	(30)	(25)	(5)	(106)	(34)	(72)
in offices outside the UK	(28)	(19)	(9)	46	34	12
	(58)	(44)	(14)	(60)	–	(60)
Debt securities:						
in offices in the UK	779	703	76	(59)	90	(149)
in offices outside the UK	163	96	67	(6)	63	(69)
	942	799	143	(65)	153	(218)
Total banking business interest receivable:						
in offices in the UK	1,975	1,865	110	(596)	541	(1,137)
in offices outside the UK	493	235	258	(36)	225	(261)
	2,468	2,100	368	(632)	766	(1,398)
Total trading business interest receivable	1,153	1,542	(389)	(154)	(537)	383
Total interest receivable	3,621	3,642	(21)	(786)	229	(1,015)

Changes in net interest income – volume and rate analysis

	2000/1999 Change due to increase/(decrease) in:			1999/1998 Change due to increase/(decrease) in:		
	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Interest payable						
Deposits by banks:						
in offices in the UK	453	290	163	(240)	(135)	(105)
in offices outside the UK	85	89	(4)	(45)	(9)	(36)
	538	379	159	(285)	(144)	(141)
Customer accounts – demand deposits:						
in offices in the UK	52	7	45	(33)	28	(61)
in offices outside the UK	15	(2)	17	(9)	(5)	(4)
	67	5	62	(42)	23	(65)
Customer accounts – savings deposits:						
in offices in the UK	233	95	138	(338)	86	(424)
in offices outside the UK	7	–	7	(8)	9	(17)
	240	95	145	(346)	95	(441)
Customer accounts – other time deposits – retail:						
in offices in the UK	403	256	147	(343)	86	(429)
in offices outside the UK	82	35	47	(32)	(9)	(23)
	485	291	194	(375)	77	(452)
Customer accounts – other time deposits – wholesale:						
in offices in the UK	317	143	174	(42)	104	(146)
in offices outside the UK	247	215	32	(1)	8	(9)
	564	358	206	(43)	112	(155)
Debt securities in issue:						
in offices in the UK	280	223	57	(136)	65	(201)
in offices outside the UK	78	8	70	39	51	(12)
	358	231	127	(97)	116	(213)
Dated and undated loan capital and other subordinated liabilities principally in offices in the UK	72	38	34	19	48	(29)
Internal funding of trading businesses	(387)	(52)	(335)	259	160	99
Total banking business interest payable:						
in offices in the UK	1,423	1,000	423	(854)	442	(1,296)
in offices outside the UK	514	345	169	(56)	45	(101)
	1,937	1,345	592	(910)	487	(1,397)
Total trading business interest payable	1,338	1,368	(30)	(148)	(400)	252
Total interest payable	3,275	2,713	562	(1,058)	87	(1,145)
Movement in net interest income						
Increase/(decrease) in interest receivable	3,621	3,642	(21)	(786)	229	(1,015)
(Increase)/decrease in interest payable	(3,275)	(2,713)	(562)	1,058	(87)	1,145
	346	929	(583)	272	142	130
Movement in write-down of leases	–	–	–	40	–	–
Movement in profit on redemption/repurchase of loan capital	(1)	–	–	–	–	–
Movement in discount rate adjustment on provisions	(2)	–	–	(2)	–	–
	343	–	–	310	–	–

Capital resources

The Group continues to manage actively both its debt and equity capital. Total capital resources increased in the year by £7,725m.

	2000 £m	1999 £m	1998 £m
Barclays PLC Group			
Shareholders' funds	13,187	8,483	7,842
Minority & other interests	1,600	352	314
	14,787	8,835	8,156
Undated loan capital	2,672	1,749	1,742
Dated loan capital	3,698	2,848	1,992
Total capital resources	21,157	13,432	11,890

	2000 £m	1999 £m	1998 £m
Barclays Bank PLC Group			
Shareholders' funds	14,679	8,753	8,105
Minority interests	108	82	51
	14,787	8,835	8,156
Undated loan capital	2,672	1,749	1,742
Dated loan capital	3,698	2,848	1,992
Total capital resources	21,157	13,432	11,890

Shareholders' funds increased by £4,687m before favourable exchange differences of £17m. This increase resulted from shares issued in respect of The Woolwich acquisition (£3,359m) and profit retentions of £1,546m, offset by share buy-backs, including costs, of £311m.

The increase in minority interests in Barclays PLC Group reflects the issue by Barclays Bank PLC of €850m (£510m) and US \$1,250m (£860m) Reserve Capital Instruments on 3rd May and 19th September 2000 respectively. This increase is reflected in shareholders' funds in Barclays Bank PLC Group. 17,920,000 outstanding Series C1 and C2 Non cumulative Dollar Denominated Preference Shares of \$0.01 each were redeemed on 30th June 2000. The aggregate redemption cost was \$224m (£149m).

Loan capital rose by £1,773m reflecting raisings of £861m, loan capital of The Woolwich on acquisition of £957m and exchange rate movements of £169m. This was offset by repayments of £214m.

Capital ratios

Capital adequacy and the use of regulatory capital are monitored by the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee) and European Community Directives, as implemented by the Financial Services Authority (FSA) for supervisory purposes.

These techniques include the risk asset ratio calculation, which the FSA regards as a key supervisory tool. The FSA sets ratio requirements for individual banks in the UK at or above the internationally agreed minimum of 8%. The ratio calculation involves the application of designated risk weightings to reflect an estimate of credit, market and other risks associated with broad categories of transactions and counterparties.

Regulatory guidelines define three 'tiers' of capital resources. Tier 1 ('core') capital, comprising mainly shareholders' funds and including Reserve Capital Instruments (included in minority and other interests in Barclays PLC Group and within shareholders' funds in Barclays Bank PLC Group) is the highest tier and can be used to meet trading and banking activity requirements. Tier 2 includes perpetual, medium-term and long-term subordinated debt, general provisions for bad and doubtful debts and fixed asset revaluation reserves. Tier 2 capital can be used to support both trading and banking activities. Tier 3 capital comprises short-term subordinated debt with a minimum original maturity of two years. The use of tier 3 capital is restricted to trading activities only and it is not eligible to support counterparty or settlement risk. The aggregate of tiers 2 and 3 capital included in the risk asset ratio calculation may not exceed tier 1 capital.

The following table analyses capital resources at 31st December 2000, as defined for regulatory purposes:

Capital adequacy data

	2000		1999	
	Barclays PLC Group £m	Barclays Bank PLC Group £m	Barclays PLC Group £m	Barclays Bank PLC Group £m
Tier 1				
Shareholders' funds (as defined for regulatory purposes)	8,878	10,370	8,267	8,537
Minority interests in tier 1	1,669	177	429	159
Total tier 1 capital	10,547	10,547	8,696	8,696
			2000 £m	1999 £m
Tier 2				
Fixed asset revaluation reserves			40	43
Qualifying undated and dated loan capital (a)			5,819	4,233
			5,859	4,276
General allowances for bad and doubtful debts			760	672
Total tier 2 capital			6,619	4,948
Tier 3				
Short-term subordinated loans			331	343
Total tier 3 capital			331	343
Gross capital resources			17,497	13,987
Less: supervisory deductions (b)			(1,312)	(853)
Total net capital resources			16,185	13,134

Notes

(a) Dated and undated subordinated debt is included in tier 2 or 3, subject to limits laid down in the supervisory requirements. Barclays retains significant capacity to raise additional capital within these limits.

(b) Includes £820m (1999 £555m) of shareholders' interest in the retail life-fund.



	2000		1999	
	Barclays PLC Group %	Barclays Bank PLC Group %	Barclays PLC Group %	Barclays Bank PLC Group %
Capital ratios				
Tier 1 ratio	7.2	7.2	7.5	7.5
Risk asset ratio	11.0	11.0	11.3	11.3

	£m	£m
Weighted risk assets		
Banking book		
on-balance sheet	112,633	84,535
off-balance sheet	18,413	15,567
associated undertakings	783	1,341
Total banking book	131,829	101,443
Trading book		
market risks	6,440	6,015
counterparty and settlement risks	8,771	8,420
Total trading book	15,211	14,435
Total risk weighted assets	147,040	115,878

Deposits

	Average: year ended 31st December		
	2000 £m	1999 £m	1998 £m
Deposits by banks			
Offices in the UK	21,465	14,210	17,911
Offices outside the UK:			
Other European Union	3,996	5,025	4,913
United States	4,618	3,816	3,500
Rest of the World	5,122	2,665	3,313
	35,201	25,716	29,637
Customer accounts			
Offices in the UK	101,354	89,533	82,122
Offices outside the UK:			
Other European Union	5,050	4,991	5,392
United States	5,201	2,515	2,720
Rest of the World	10,416	8,368	7,540
	122,021	105,407	97,774

Average deposits (excluding trading balances) are analysed by type in the average balance sheet on page 29 and are based on the location of the office in which the deposits are recorded.

'Demand deposits' in offices in the UK are mainly current accounts with credit balances, obtained through the UK branch network.

'Savings deposits' in offices in the UK are also obtained through, and administered by, the UK branch network. Interest rates are varied from time to time in response to competitive conditions. These deposits are not drawn against by cheque or similar instrument.

'Other time deposits – retail' in offices in the UK are interest bearing and also are not drawn against by cheque or similar instrument. They are generally distinguished from savings deposits by having fixed maturity requirements and from wholesale deposits by being collected, in the main, through the UK branch network.

'Other time deposits – wholesale' in offices in the UK are obtained through the London money market and are booked mainly within the Group's money market operations. These deposits are of fixed maturity and bear interest rates which relate to the London inter-bank money market rates.

'Other time deposits' includes commercial paper and inter-bank funds.

Although the types of deposit products offered through offices located outside the UK are broadly similar to those described above, they are tailored to meet the specific requirements of local markets.

Short-term borrowings

Short-term borrowings include Deposits by banks as reported in 'Deposits'.

Deposits by banks (excluding trading business)

	2000 £m	1999 £m	1998 £m
Year-end balance	32,445	26,915	25,951
Average balance	35,201	25,716	29,637
Maximum balance	45,923	35,384	35,092
Average interest rate during year	4.2%	3.7%	4.1%
Year-end interest rate	4.5%	3.8%	4.4%

Commercial paper

Commercial paper is issued by the Group, mainly in the United States, generally in denominations of not less than \$100,000, with maturities of up to 270 days.

	2000 £m	1999 £m	1998 £m
Year-end balance	2,209	1,082	1,098
Average balance	2,001	857	913
Maximum balance	3,668	2,131	1,546
Average interest rate during year	6.6%	5.2%	5.2%
Year-end interest rate	6.4%	5.3%	5.3%

Negotiable certificates of deposit

	2000 £m	1999 £m	1998 £m
Year-end balance	22,413	19,496	14,764
Average balance	20,918	19,781	17,971
Maximum balance	29,125	26,118	20,573
Average interest rate during year	5.2%	5.0%	6.2%
Year-end interest rate	6.3%	5.3%	6.4%

Securities

The following table analyses the book value and valuation of securities

	2000		1999		1998	
	Book value £m	Valuation £m	Book value £m	Valuation £m	Book value £m	Valuation £m
Investment securities						
Debt securities:						
UK government	1,496	1,571	1,666	1,664	1,730	1,775
other government	12,117	12,378	9,315	9,340	5,937	6,053
other public bodies	20	19	69	71	87	89
other issuers	16,087	16,103	9,741	9,748	6,548	6,595
Equity shares	244	295	179	206	336	379
	29,964	30,366	20,970	21,029	14,638	14,891
Other securities						
Debt securities:						
UK government	845	845	1,278	1,278	3,621	3,621
other government	15,555	15,555	7,031	7,031	10,377	10,377
other public bodies	1,280	1,280	503	503	775	775
bank and building society certificates of deposit	16,682	16,682	18,005	18,005	8,677	8,677
other issuers	6,688	6,688	6,311	6,311	7,428	7,428
Equity shares	3,818	3,818	5,425	5,425	4,552	4,552
	74,832	75,234	59,523	59,582	50,068	50,321

Investment debt securities include government securities held as part of the Group's treasury management portfolio for asset and liability, liquidity and regulatory purposes and are for use on a continuing basis in the activities of the Group. In addition, the Group holds as investments listed and unlisted corporate securities. Investment securities are valued at cost, adjusted for the amortisation of premiums or discounts to redemption, less any provision for diminution in value.

Other securities comprise dealing securities and short-term certificates of deposit and are principally valued at market value.

Bank and building society certificates of deposit are freely negotiable and have original maturities of up to 5 years, but are typically held for shorter periods.

A further analysis of the book value and valuation of securities is given in notes 19 and 20 to the accounts.

In addition to UK government securities shown above, at 31st December 2000 and 1999 the Group held the following government securities which exceeded 10% of shareholders' funds:

	2000		1999	
	Book value £m	Valuation £m	Book value £m	Valuation £m
US government securities	6,429	6,426	5,457	5,408
Japanese government securities	5,584	5,586	1,805	1,815
Italian government securities	5,266	5,382	2,827	2,876
German government securities	2,838	2,838	1,692	1,648
French government securities	1,963	1,968	1,547	1,567
Spanish government securities*	-	-	1,160	1,194

* Holdings did not exceed 10% of shareholders' funds at 31st December 2000.

Maturities and weighted average yield of investment debt securities

	Maturing within one year:		Maturing after one but within five years:		Maturing after five but within ten years:		Maturing after ten years:		Amount £m	Total Yield %
	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %		
Government	4,688	5.6	6,204	6.1	1,612	6.7	1,109	7.0	13,613	6.1
Other public bodies	13	10.9	3	5.1	3	10.9	1	2.9	20	9.7
Other issuers	4,358	4.9	7,441	6.0	881	7.5	3,407	6.3	16,087	5.9
Total book value	9,059	5.2	13,648	6.1	2,496	7.0	4,517	6.5	29,720	6.0
Total valuation	9,157		13,599		2,621		4,694		30,071	

The weighted average yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 31st December 2000 by the book value of securities held at that date. Yields on certain US securities, which are exempt from tax, have been calculated using interest income adjusted to reflect a taxable equivalent basic.

Risk management – overview

Barclays aim in risk management is to achieve superior shareholder value through high quality risk management techniques and processes.

Risk management governance

Barclays manages a variety of risks in the ordinary course of business. These risks are identified, measured and monitored through various control mechanisms across the Group, in accordance with the requirements of the guidance 'Internal control: Guidance for Directors on the Combined Code' issued by the Institute of Chartered Accountants in England and Wales.

The Board sets risk management standards and risk appetite for the Group, and is supported in this role by the Board Risk Committee, whose responsibilities include:

- » Reviewing, and recommending to the Board, standards for risk management, including risk control principles, behavioural standards, and overall risk measures.
- » Reviewing the overall risk appetite and profile of the Group.
- » Reviewing significant changes in risk governance policy.
- » Reviewing reports on specific material aspects of the Group's risk governance and risk management processes.

The responsibility for managing risk lies with the Group Chief Executive and the Group Executive Committee. On a day to day basis, risks are managed through a number of management committees (see chart on the following page) and through a Group Risk organisation which reports to the Group Risk Director. Through this process, Barclays monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to Group Executive Committee, the Board Risk Committee and the Board.

Risk management organisation

Against a background of a rapidly changing business environment, Barclays believes that its risk organisation needs to be capable of adapting quickly to new product and business structures. During 2000, Barclays embarked on the development of a more integrated risk organisation which is both flexible in the face of changing business needs and supports the implementation of Value Based Management in Barclays.

A key feature of the new integrated risk management organisation is that it brings together both business risk functions and specialist risk teams.

Risk management in the businesses (including The Woolwich) is the responsibility of the risk business partners, who have a functional reporting line to the Group Risk Director. The key role of risk business partners is to assist the businesses to maximise value by:

- » Performing high quality analysis of risks.
- » Ensuring that risks are properly controlled.
- » Evaluating economic trade-offs between risks.
- » Designing cost-effective ways of mitigating and transferring risks.
- » Generating alternative strategies regarding risk.

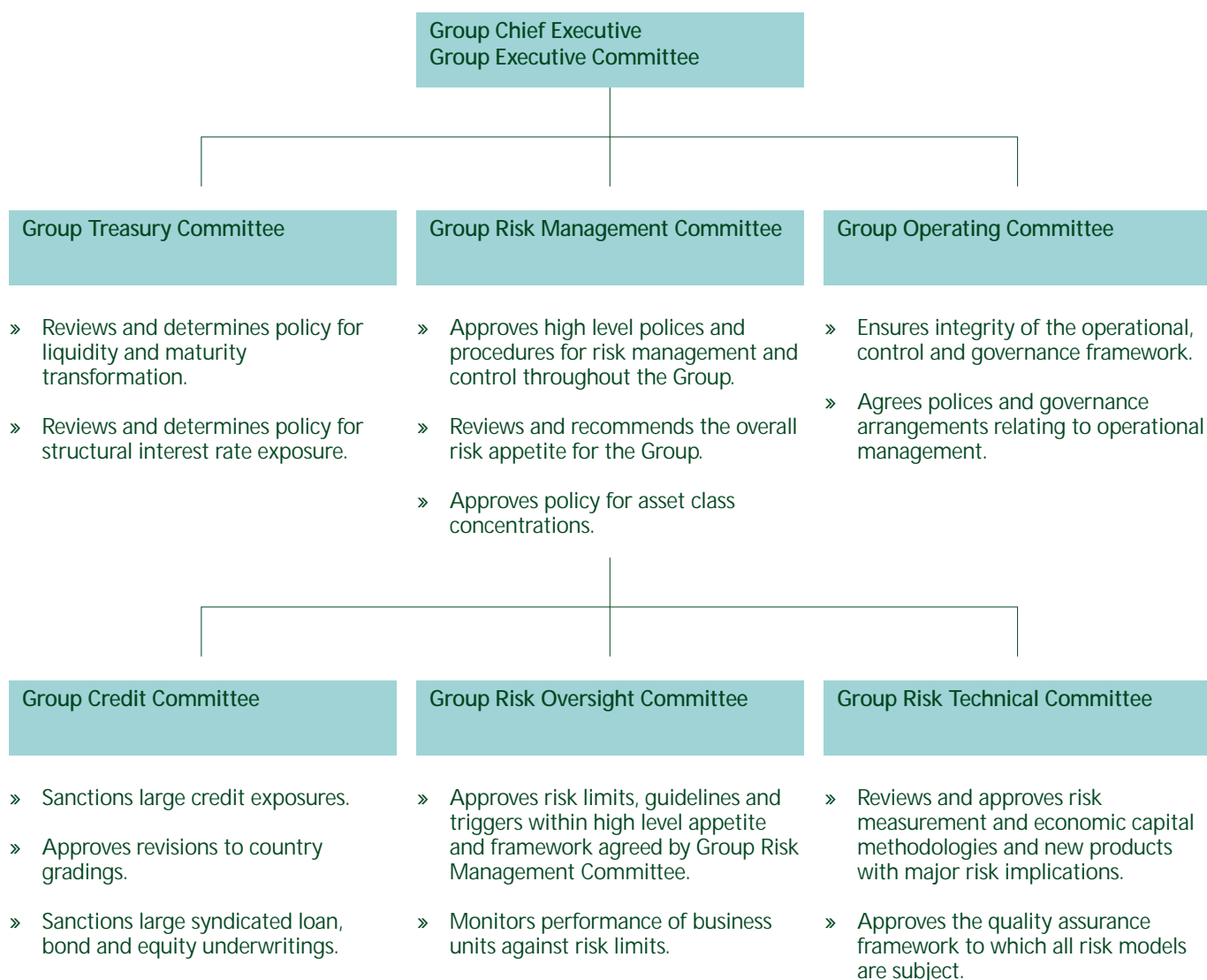
Specialist risk teams measure and control aggregate risk, and provide high level policies and standards within the overall corporate governance framework. Specialist areas also perform research & development and quality assurance, and provide analytical support to the businesses.

The following risks are covered by this process:

- » Credit.
- » Market.
- » Treasury asset and liability management (comprising liquidity/funding risk and non-trading interest rate and exchange rate risk).
- » Operational (comprising operational process risk, IT security risk, business continuity management, fraud risk, premises-related risk and people-related risk).
- » Compliance.
- » Legal.
- » Tax.

Further analysis of these risks is provided in subsequent sections of the Financial Review.

Risk management committees



Credit risk management

Credit risk arises because the Bank's customers, clients or counterparties may not be willing or able to fulfil their contractual obligations. This type of risk may be divided into a number of different categories which includes primary, trading and settlement risks.

In relation to its management of credit risk, the Group Credit Risk Unit (GCRU) has day-to-day responsibility for monitoring compliance with Group policies. GCRU also reviews portfolio management and risk concentration issues, including country exposure, sector exposure, product risking and credit grading. GCRU is headed by the Group Credit Risk Director.

Risk Measurement

The Group uses a grading structure to show the probability of future default by borrowers. This is used to estimate levels of annualised credit losses from the overall lending portfolio (termed Risk Tendency). Risk Tendency assists in portfolio management decisions, such as setting exposure limits to any single counterparty or borrower, establishing the desired aggregate exposure levels to individual sectors, determining pricing policy and setting the level of the general provision. Gradings also provide a guide to changes in the underlying credit quality of the lending portfolio over time. A similar structure is also in place to control exposures to countries.

Credit exposure, or replacement cost, on derivative instruments represents the potential cost to replace contracts with a positive value if counterparties failed to perform their obligations. This cost is usually less than the face value of the contracts and the actual amount is monitored on an ongoing basis. To control the level of credit risk taken, the Group assesses counterparties, using the same techniques and grading structure as for lending decisions. Dealings are predominantly with counterparties of high credit quality.

Risk Control

The Group Credit Committee is responsible for sanctioning large credit exposures to all customers and counterparties arising from lending, trading activities, derivative instruments and settlement risks.

The Group Credit Committee is supported by business line focused risk management departments (RMDs) either in or responsible to each of the Strategic Business Units. Each RMD ensures that the SBU adheres to Group Standards for Credit Risk analysis and sanctioning. The SBUs' credit risk positions are reviewed and challenged by the Group Credit Risk Unit on a regular basis.

Retail Financial Services and Corporate Banking, which have the majority of the Group's personal and corporate credit exposures, each operate a hierarchy of credit exposure discretions, whereby credit risk teams, overseas country offices and specialist lending departments are allocated discretionary limits. Local management are sub-allocated varying levels of discretionary limits, which vary according to their skills, experience, seniority and the quality of the borrower as measured by the credit grading structure. A similar hierarchy

exists for monitoring and provisioning purposes. The application of this structure results in a large proportion of local lending portfolios being sanctioned and controlled at local and regional level.

Credit risk within Barclaycard is controlled by their Risk Management Department. Policy relating to exposures is set by this department and implemented by the Customer Management Teams. Within Customer Management, advisors are allocated discretionary limits, according to grade and experience. Any lending decision falling outside policy may only be sanctioned after reference to Risk Management.

Barclays Capital has a lesser number of credit exposures, but typically for larger individual amounts and with significant credit exposures arising from money market, foreign exchange, derivatives, securities dealing and other similar products. These trading activities, which include the use of on-and off-balance sheet instruments, result in certain credit risks. The majority are referred to the Group Credit Committee or are sanctioned within Barclays Capital's risk management department in London or in its office in New York. Smaller credit exposures, however, are sanctioned and controlled by specialist departments and individual Barclays Capital business units under a hierarchy of credit exposure discretions.

Since Barclays Global Investors passes credit risk upon its transactions to its investor clients, it is excluded from this structure. However, the procedures for assessing such credit risk are similar to those undertaken elsewhere in the Group and fall under the overall supervision of GCRU.

Environmental Risk Management Unit, part of the credit risk management function, aims to protect the Group from material environmental risks, worldwide. These risks may be direct (lender liability) or indirect (environmental issues may impact the viability of our borrowing customers). Potential reputational risks are also addressed. These would arise through the Group's association with companies or projects which may be perceived to be environmentally damaging.

Group Treasury is responsible for the monitoring and regulatory reporting of intra-group exposures under the EC Large Exposures Directive.

Risk Mitigation

As the credit markets develop, Barclays is expanding the mechanisms used to manage credit risk. This includes the use of credit derivatives and securitisation, with the primary objective of reducing the uncertainty of returns from the credit portfolio. There will be greater opportunities to use these techniques as the credit markets develop. The cost of these transactions is generally treated as a deduction from the related category of income with any benefits being reflected in reduced credit risk provisions.

The Group enters into master agreements whenever possible and, when appropriate, obtains collateral. Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. Concentrations of credit risk, which arise through the Group's trading and non-trading activities, are presented in note 64 to the accounts.

Analysis of loans and advances

The following sections analyse loans and advances to banks and customers. The geographical analyses of the banking business are based on the location of the office from which the lendings are made. The trading business, which is international in nature, primarily constitutes settlement and reverse repo balances and has not been analysed geographically. This business is largely carried out in the UK and the United States.

Loans and advances to banks

The majority of loans and advances to banks are placings, amounting to £32,170m at 31st December 2000 (1999 £36,080m, 1998 £33,817m) and includes reverse repo transactions. Also included are loans to banks and building societies, balances with central banks (excluding those balances which can be withdrawn on demand), inter-bank settlement accounts and federal funds sold.

Loans and advances to banks

	2000 £m	1999 £m	1998 £m
Banking business:			
UK	3,345	6,307	4,037
Other European Union	2,042	2,173	3,847
United States	2,056	2,118	2,230
Rest of the World	2,153	2,497	10,243
Total banking business	9,596	13,095	20,357
Total trading business	26,856	26,555	17,326
	36,452	39,650	37,683

The amounts shown are before the deduction of attributable provisions and interest in suspense.

Maturity analysis of loans and advance to banks

At 31st December 2000	On demand £m	Not more than three months £m	Over three months but not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
Banking business:						
UK	392	1,463	985	398	107	3,345
Other European Union	248	1,526	63	151	54	2,042
United States	26	880	874	276	–	2,056
Rest of the World	318	1,414	417	4	–	2,153
Total banking business	984	5,283	2,339	829	161	9,596
Total trading business	1,110	22,118	3,628	–	–	26,856
	2,094	27,401	5,967	829	161	36,452

At 31st December 1999	On demand £m	Not more than three months £m	Over three months but not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
Banking business:						
UK	304	4,215	1,139	500	149	6,307
Other European Union	126	1,530	384	121	12	2,173
United States	40	816	960	295	7	2,118
Rest of the World	251	1,002	1,221	18	5	2,497
Total banking business	721	7,563	3,704	934	173	13,095
Total trading business	246	23,583	2,671	–	55	26,555
	967	31,146	6,375	934	228	39,650

Interest rate sensitivity of loans and advances to banks

	Fixed rate £m	Variable rate £m	Total £m
At 31st December 2000			
Banking business:			
UK	2,552	793	3,345
Other European Union	1,564	478	2,042
United States	2,030	26	2,056
Rest of the World	1,894	259	2,153
Total banking business	8,040	1,556	9,596
Total trading business	15,662	11,194	26,856
	23,702	12,750	36,452

Loan and advances to customers

The Group provides lending facilities to corporate and personal customers in the form of loans, overdrafts and finance lease receivables. The amounts shown below are before deduction of attributable provisions and interest in suspense.

Maturity analysis of loans and advances to customers

	On demand (a) £m	Not more than three months £m	Over three months but not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
At 31st December 2000						
Banking business:						
UK						
Corporate lending	8,041	5,768	4,281	10,579	8,887	37,556
Other lending from UK offices (b)	2,545	5,928	6,153	12,936	50,196	77,758
Total UK	10,586	11,696	10,434	23,515	59,083	115,314
Other European Union	920	1,789	1,485	2,749	3,260	10,203
United States	442	890	1,411	2,802	831	6,376
Rest of the World	658	2,783	3,932	771	806	8,950
Total banking business	12,606	17,158	17,262	29,837	63,980	140,843
Total trading business	846	22,049	792	–	–	23,687
	13,452	39,207	18,054	29,837	63,980	164,530

	On demand (a) £m	Not more than three months £m	Over three months but not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
At 31st December 1999						
Banking business:						
UK						
Corporate lending	5,882	5,650	4,099	9,341	7,345	32,317
Other lending from UK offices (b)	2,662	5,211	4,780	11,768	21,939	46,360
Total UK	8,544	10,861	8,879	21,109	29,284	78,677
Other European Union	748	1,533	1,140	1,797	758	5,976
United States	104	491	860	1,730	863	4,048
Rest of the World	504	1,018	5,405	683	734	8,344
Total banking business	9,900	13,903	16,284	25,319	31,639	97,045
Total trading business	3	21,355	192	–	12	21,562
	9,903	35,258	16,476	25,319	31,651	118,607

Notes

(a) Overdrafts are included in the 'on demand' category.

(b) Other lending from UK offices includes finance lease receivables.

Interest rate sensitivity of loans and advances to customers

	Fixed rate £m	Variable rate £m	Total £m
At 31st December 2000			
Banking business:			
UK	37,210	78,104	115,314
Other European Union	3,998	6,205	10,203
United States	1,449	4,927	6,376
Rest of the World	6,005	2,945	8,950
Total banking business	48,662	92,181	140,843
Total trading business	11,291	12,396	23,687
	59,953	104,577	164,530

Loans and advances to customers in offices in the UK – banking business

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Financial institutions	1,420	1,552	1,839	2,258	2,388
Agriculture, forestry and fishing	1,689	1,693	1,612	1,726	1,768
Manufacturing	7,573	6,954	6,840	5,556	5,976
Construction	1,666	1,331	1,227	1,046	1,242
Property	5,130	3,689	3,205	2,927	3,619
Energy and water	1,120	613	668	586	863
Wholesale and retail distribution and leisure	7,531	6,455	6,778	5,895	5,553
Transport	1,353	1,270	1,164	875	1,320
Postal and communication	180	345	261	86	101
Business and other services	9,894	8,415	7,549	6,425	6,178
Home loans	47,235	18,316	16,580	15,937	14,958
Other personal	18,200	15,673	14,376	12,403	11,315
Overseas customers	7,819	7,277	3,056	3,421	2,561
	110,810	73,583	65,155	59,141	57,842
Finance lease receivables	4,504	5,094	5,279	5,635	5,825
	115,314	78,677	70,434	64,776	63,667

Loans and advances to customers in offices in other European Union countries – banking business

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Financial institutions	455	178	220	215	437
Agriculture, forestry and fishing	303	223	109	19	14
Manufacturing	1,549	1,322	975	964	966
Construction	330	193	148	164	246
Property	183	144	182	237	296
Energy and water	384	145	114	114	81
Wholesale and retail distribution and leisure	144	207	323	378	349
Transport	172	119	133	184	461
Postal and communication	83	37	9	11	39
Business and other services	1,321	918	1,433	980	864
Home loans	4,436	1,029	932	670	796
Other personal	582	505	500	352	313
Overseas customers	110	462	358	304	314
	10,052	5,482	5,436	4,592	5,176
Finance lease receivables	151	494	503	485	497
	10,203	5,976	5,939	5,077	5,673

Loans and advances to customers in offices in the United States – banking business

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Financial institutions	616	320	527	350	190
Agriculture, forestry and fishing	–	1	1	1	4
Manufacturing	1,123	727	592	325	337
Construction	–	–	12	5	27
Property	30	69	80	195	412
Energy and water	1,440	1,168	645	647	510
Wholesale and retail distribution and leisure	214	138	323	76	97
Transport	580	356	53	98	129
Postal and communication	88	166	383	240	115
Business and other services	2,174	1,000	1,471	1,138	929
Home loans	1	1	1	3	12
Other personal	6	58	7	25	69
Overseas customers	56	–	27	15	24
	6,328	4,004	4,122	3,118	2,855
Finance lease receivables	48	44	42	44	42
	6,376	4,048	4,164	3,162	2,897

Loans and advances to customers in offices in the Rest of the World – banking business

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Loans and advances	8,920	8,316	2,883	2,980	2,951
Finance lease receivables	30	28	28	29	28
	8,950	8,344	2,911	3,009	2,979

Total loans and advances to customers

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Banking business	140,843	97,045	83,448	76,024	75,216
Trading business	23,687	21,562	13,611	25,712	16,441
	164,530	118,607	97,059	101,736	91,657

Total loans and advances to customers

Barclays lendings are widely dispersed over customer categories within the UK, the main area of operation, and are also well spread geographically outside the UK. No one concentration of lendings, with the exception of home loans and other personal lendings in the UK, accounts for more than 10% of total Group lendings. Other than the UK, the United States is the only country to account for 10% or more of total Group lendings.

In the geographical analyses of lendings shown on pages 41 and 42, overseas customers are customers resident outside the country in which the lending business is based.

In addition to the lendings categorised as postal and communications in the UK and other geographical areas, exposure to the telecommunications sector is also included in overseas customers. Total loans and advances world-wide to this sector at 31st December 2000 amounted to £1.49bn.

Loans and advances in offices in the UK

Loans and advances within banking business activities increased by 47% to £115,314m (1999 growth of 12%). £29,810m of the increase was attributable to the acquisition of The Woolwich. There was strong growth in unsecured personal lending and credit card advances, with the mortgage business benefiting from a relatively strong housing market. The growth in corporate lending was concentrated in larger middle market customers.

Loans and advances in offices in Other European Union countries

£3,129m of the £3,407m growth in home loans was attributable to the acquisition of The Woolwich.

Loans and advances in offices in the United States and the Rest of the World

Business loans and advances in the United States grew by 58% with significant increases in lendings to financial institutions and manufacturing businesses. Rest of the world lendings were 7% higher than in 1999.

Credit risk management mechanisms

Barclays has entered into securitisation and credit derivative transactions in order to reduce the uncertainty of returns from the credit portfolio. Details of the securitisation transactions are included in note 17 on page 94 while the year-end level of credit derivatives is provided in note 46 on page 119.

Exposure to countries subject to International Monetary Fund liquidity support programmes

Amounts outstanding, net of provisions, and commitments to counterparties in countries which make significant use of International Monetary Fund liquidity support programmes were as follows:

	2000 £bn	1999 £bn	1998 £bn
Asia			
Indonesia	0.1	0.1	0.1
South Korea	0.2	0.4	0.5
Thailand	0.1	0.1	0.1
	0.4	0.6	0.7
Latin America			
Argentina	0.9	*	*
Brazil	*	0.8	0.9
Mexico	*	0.9	1.0
	1.3	2.3	2.6

* Not reportable.

The total was broken down, as follows:

	2000 £bn	1999 £bn	1998 £bn
Banks	0.8	1.3	1.6
Governments/sovereigns	0.1	0.4	0.5
Corporates & project financings	0.4	0.6	0.5
	1.3	2.3	2.6

The Group has a 50% shareholding in Banco Barclays e Galicia SA which in 2000 was equity accounted as an associated undertaking. As at 31st December 2000 this holding was included in the balance sheet at a value of £31m (31st December 1999 £33m, 31st December 1998 £47m).

From 1st January 2001, following the completion of management changes, the Group considers itself to exert dominant influence so that it has control over the operations of Banco Barclays e Galicia SA and consequently from that date the entity will be consolidated as a subsidiary in accordance with Financial Reporting Standard 2.

The general provision in respect of country transfer risk arising from the Group's business world wide, including exposures in these countries, was £57m as at 31st December 2000 (31st December 1999 £57m). This is in addition to £703m of general provision held against credit risk (31st December 1999 £615m).

Provisions for bad and doubtful debts

It is Barclays policy to establish, through charges against profit, a provision in respect of the estimated loss inherent in the lending book. The provision raised consists of an element which is specific to individual counterparties or a homogeneous portfolio of lendings and also a general element which, while determined as reflecting losses already within the lending book, cannot be specifically applied.

Risk managers conduct a continuous review of the quality of exposures for which they are responsible based on a knowledge of the counterparty and, where applicable, the relevant industry and country of operation. A specific charge is raised when the Bank considers that the credit-worthiness of a borrower has undergone deterioration such that the recovery of the whole outstanding advance is in serious doubt. Typically, this will be done on an individual basis, although scope exists to raise specific provisions on a portfolio basis where statistical techniques permit and the portfolio comprises homogeneous assets. This applies in parts of Retail Financial Services, Barclaycard and Corporate Banking and is in keeping with Barclays policy of raising provisions as soon as impairment is identified.

General provisions are raised to cover losses which are judged to be present in loans and advances at the balance sheet date, but which have not been specifically identified as such. These provisions are adjusted at least half yearly by an appropriate charge or release of general provision based on a statistical analysis. The accuracy of this analysis is periodically assessed against actual losses. Gradings are used to rate the credit quality of borrowers. Each grade corresponds to an Expected Default Frequency and is calculated by using manual or computer driven score-sheets validated by an analysis of the Group's own historic data. This grade can be derived from different sources depending upon the borrower (e.g. internal model, credit rating agency). The general provision also takes into account the economic climate in the market in which the Group operates and the level of security held in relation to each category of counterparty. Since 1997, the general provision has included a specifically identified element to cover country transfer risk calculated on a basis consistent with the overall general provision calculation.

The aggregate specific and general provisions which are made during the year, less amounts released and recoveries of bad debts previously written off, are charged against operating profit. Impaired lendings are written off in part, or in whole, when the extent of the loss incurred has been confirmed, the decision to do so being a matter of banking judgement.

The following tables have been divided between those provisions which have been raised against the perceived credit risks and those provisions which have been raised in respect of country risk (i.e. that related to a country's difficulty in servicing its external debt, as evidenced by rescheduling or arrears of payment of principal or interest):

Analysis of provisions for bad and doubtful debts

	As at 31st December				
	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Specific – credit risk*					
UK	1,343	1,075	928	765	834
Other European Union	111	126	213	245	353
United States	20	23	23	27	59
Rest of the World	118	74	35	41	48
	1,592	1,298	1,199	1,078	1,294
Specific – country risk	1	13	16	44	80
Total specific provisions	1,593	1,311	1,215	1,122	1,374
General provisions – credit risk	703	615	663	683	756
General provisions – country risk	57	57	65	45	–
	2,353	1,983	1,943	1,850	2,130
Average loans and advances for the year (excluding trading business)	122,333	106,488	101,338	96,656	95,899
(including trading business)	176,938	147,139	145,749	136,581	122,503

* The geographic analysis of provisions is based on location of office.

The increased specific provision balance in the UK reflects the impact of volume growth in UK unsecured lendings to both personal and small business customers and strong growth across the Barclaycard businesses, combined with record levels of customer recruitment over the last two years.

Ratios

	As at 31st December				
	2000 %	1999 %	1998 %	1997 %	1996 %
Provisions at end of year as a percentage of loans and advances at end of year (excluding trading business):					
Specific provision for credit risk	1.06	1.18	1.16	1.10	1.41
General provision for credit risk	0.47	0.56	0.64	0.70	0.83
	1.53	1.74	1.80	1.80	2.24
Specific provision for country risk	–	0.01	0.01	0.04	0.09
General provision for country risk	0.04	0.05	0.06	0.05	–
	1.57	1.80	1.87	1.89	2.33
Provisions at end of year as a percentage of loans and advances at end of year (including trading business):					
Specific provision for credit risk	0.79	0.82	0.89	0.78	1.07
General provision for credit risk	0.35	0.39	0.49	0.49	0.63
	1.14	1.21	1.38	1.27	1.70
Specific provision for country risk	–	0.01	0.01	0.03	0.07
General provision for country risk	0.03	0.03	0.05	0.03	–
	1.17	1.25	1.44	1.33	1.77

Ratios

	Year ended 31st December				
	2000 %	1999 %	1998 %	1997 %	1996 %
Provisions as a percentage of average loans and advances for the year (excluding trading business):					
Specific provisions for credit risk	0.64	0.60	0.50	0.28	0.35
General provisions for credit risk	0.03	(0.02)	(0.02)	(0.07)	(0.06)
	0.67	0.58	0.48	0.21	0.29
Specific provisions for country risk	–	–	(0.01)	(0.03)	(0.06)
General provisions for country risk	–	–	0.02	0.05	–
	0.67	0.58	0.49	0.23	0.23
Amounts written off (net of recoveries)	0.47	0.52	0.40	0.47	0.71
Provisions as a percentage of average loans and advances for the year (including trading business):					
Specific provisions for credit risk	0.44	0.43	0.35	0.20	0.28
General provisions for credit risk	0.02	(0.01)	(0.01)	(0.05)	(0.05)
	0.46	0.42	0.34	0.15	0.23
Specific provisions for country risk	–	–	(0.01)	(0.02)	(0.05)
General provisions for country risk	–	–	0.01	0.03	–
	0.46	0.42	0.34	0.16	0.18
Amounts written off (net of recoveries)	0.32	0.38	0.28	0.33	0.55

Movements in provisions for bad and doubtful debts

	Year ended 31st December				
	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Provisions for credit risk					
Provision at beginning of year	1,913	1,862	1,761	2,050	2,554
Acquisitions and disposals	119	(10)	–	(14)	(24)
Exchange and other adjustments	8	(2)	5	(39)	(100)
Amounts written off:					
UK	(592)	(546)	(506)	(441)	(593)
Other European Union	(45)	(44)	(43)	(93)	(138)
United States	(26)	(40)	(7)	(23)	(30)
Rest of the World	(17)	(21)	(9)	(14)	(61)
	(680)	(651)	(565)	(571)	(822)
Recoveries (analysed below)	113	93	176	126	165
Sub total	1,473	1,292	1,377	1,552	1,773
Provisions charged against profit					
New and increased specific provisions:					
UK	843	768	751	536	623
Other European Union	35	27	31	49	123
United States	27	45	11	12	21
Rest of the World	76	47	23	28	26
	981	887	816	625	793
Releases of specific provisions:					
UK	(50)	(114)	(81)	(143)	(164)
Other European Union	(17)	(21)	(31)	(34)	(66)
United States	(6)	(7)	(8)	(33)	(45)
Rest of the World	(13)	(15)	(15)	(15)	(16)
	(86)	(157)	(135)	(225)	(291)
Recoveries:					
UK	(100)	(85)	(156)	(111)	(140)
Other European Union	(6)	(4)	(4)	(6)	(8)
United States	(4)	(4)	(13)	(4)	(12)
Rest of the World	(3)	–	(3)	(5)	(5)
	(113)	(93)	(176)	(126)	(165)
Net specific provisions charge	782	637	505	274	337
General provision releases/(charges)*	40	(16)	(20)	(65)	(60)
Net credit risk charge to profit	822	621	485	209	277
Provisions at end of year	2,295	1,913	1,862	1,761	2,050
Provisions for country risk					
Provision at beginning of year	70	81	89	80	174
Exchange and other adjustments	(4)	(11)	1	1	(12)
Amounts written off (net of recoveries)	(3)	–	(16)	(10)	(20)
Net specific credit:					
Provisions charges	–	–	3	7	3
Releases	(4)	(2)	(16)	(34)	(63)
Recoveries	(1)	–	–	–	(2)
Net specific releases	(5)	(2)	(13)	(27)	(62)
General provision charge*	–	2	20	45	–
Provision at end of year	58	70	81	89	80
Total provisions for bad and doubtful debts	2,353	1,983	1,943	1,850	2,130

* An analysis of the movement in general provisions is shown in note 18 to the accounts.

The geographic analysis of provisions is based on location of office. The UK charge in 1998 includes £153m raised in respect of exposure to Russian counterparties.

Credit risk provisions

	Net specific provision for the year					Specific provisions for credit risk at 31st December				
	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
UK:										
Banks and other financial institutions	7	10	11	(3)	6	7	9	14	5	6
Agriculture, forestry and fishing	6	4	(5)	–	1	11	7	4	5	6
Manufacturing	8	4	15	25	6	43	48	41	51	39
Construction	7	4	(7)	5	9	8	7	10	26	28
Property	1	(5)	(20)	(66)	15	8	8	12	29	92
Energy and water	8	–	–	3	6	8	2	2	2	6
Wholesale and retail distribution and leisure	21	34	(10)	12	13	42	42	18	10	50
Transport	2	4	(1)	3	4	4	4	2	5	63
Postal and communication	–	–	1	–	–	1	1	1	–	–
Business and other services	27	14	(7)	4	17	40	34	43	61	69
Home loans	10	5	(4)	8	7	102	39	35	44	50
Other personal	577	504	376	281	237	1,000	830	664	522	414
Overseas customers*	11	(21)	165	10	(10)	58	33	79	2	3
Finance lease receivables	8	12	–	–	8	11	11	3	3	8
	693	569	514	282	319	1,343	1,075	928	765	834
Foreign	89	68	(9)	(8)	18	249	223	271	313	460
	782	637	505	274	337	1,592	1,298	1,199	1,078	1,294

Analysis of amounts written off and recovered – credit risk

	Amounts written off for the year					Recoveries of amounts previously written off				
	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
UK:										
Banks and other financial institutions	13	14	16	1	10	4	2	12	3	3
Agriculture, forestry and fishing	6	6	2	4	5	2	3	7	3	–
Manufacturing	30	20	28	20	22	16	12	12	7	13
Construction	8	12	12	12	38	2	3	5	7	16
Property	5	9	17	28	61	3	7	22	31	29
Energy and water	2	–	–	8	3	–	–	–	–	1
Wholesale and retail distribution and leisure	34	35	25	48	74	12	17	45	15	22
Transport	3	4	2	63	17	1	1	1	3	3
Postal and communication	–	1	–	–	–	–	–	–	–	–
Business and other services	33	43	36	32	79	11	12	27	16	21
Home loans	15	3	8	19	21	3	2	4	4	4
Other personal	435	363	254	193	260	28	24	21	20	21
Overseas customers*	4	31	106	11	–	17	1	–	–	5
Finance lease receivables	4	5	–	2	3	1	1	–	2	2
	592	546	506	441	593	100	85	156	111	140
Foreign	88	105	59	130	229	13	8	20	15	25
	680	651	565	571	822	113	93	176	126	165

* Include amounts in 1998 in respect of Russian counterparties recorded in the UK.

Potential credit risk lendings

The US Securities and Exchange Commission (SEC) requires potential credit risk lendings to be analysed by categories which reflect US lending and accounting practices. These differ to some extent from those employed in the UK. In particular:

- » US banks may write off problem lendings more quickly than is the practice in the UK. As a result, Barclays may report a somewhat higher level of lendings than if it had followed such US practice and also a higher level of potential credit risk lendings.
- » US banks typically stop accruing interest when loans are overdue by 90 days or more, or when recovery is doubtful. In accordance with the UK Statement of Recommended Practice on Advances, Barclays continues to charge interest to a doubtful customer's account for collection purposes, but the interest is suspended and excluded from interest income in the profit and loss account. This addition of interest continues until such time as its recovery is considered to be unlikely. While such practice does not affect net income in comparison with that followed in the United States, it again has the effect of increasing the reported level of potential credit risk lendings. The amount of this difference at 31st December 2000 was £93m (1999 £80m).

The table which follows presents an analysis of potential credit risk lendings in accordance with the SEC guidelines. Additional categories of disclosure are included, however, to record lendings where interest continues to be accrued and where either interest is being suspended or specific provisions have been raised. Normal US banking practice would be to place such lendings on non-accrual status. The amounts, the geographical presentation of which is based on the location of the office recording the transaction, are stated before deduction of the value of security held, the specific provisions carried or interest suspended.

Non-performing lendings

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Non-accrual lendings:					
UK	1,223	1,007	985	911	1,084
Foreign – credit risk	316	244	282	309	455
Accruing lendings where interest is being suspended:					
UK	351	326	266	234	358
Foreign – credit risk	145	110	118	153	170
Other accruing lendings against which provisions have been made:					
UK	873	423	457	408	492
Foreign – credit risk	149	130	134	117	232
Sub totals:					
UK	2,447	1,756	1,708	1,553	1,934
Foreign – credit risk	610	484	534	579	857
Accruing lendings 90 days overdue, against which no provisions have been made:					
UK	296	343	309	388	473
Foreign – credit risk	18	18	19	14	20
Reduced rate lendings:					
UK	6	6	7	37	38
Foreign – credit risk	–	2	–	–	–
Total non-performing lendings:					
UK	2,749	2,105	2,024	1,978	2,445
Foreign – credit risk	628	504	553	593	877
	3,377	2,609	2,577	2,571	3,322

The increase in UK non-performing lending primarily relates to the inclusion of The Woolwich (£592m). The residual increase largely arose in Barclaycard and Barclays Capital.

Potential problem lendings

In addition to the data above, lendings which are current as to payment of principal and interest, but where there exists serious doubt as to the ability of the borrower to comply with repayment terms in the near future (potential problem lendings), were as follows:

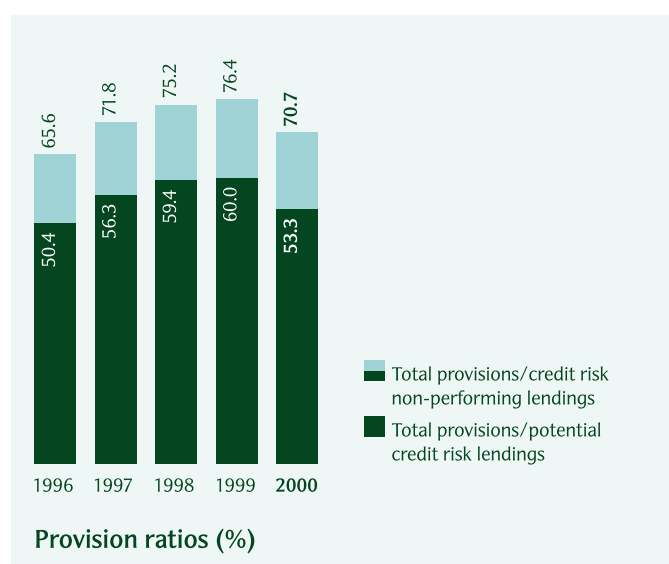
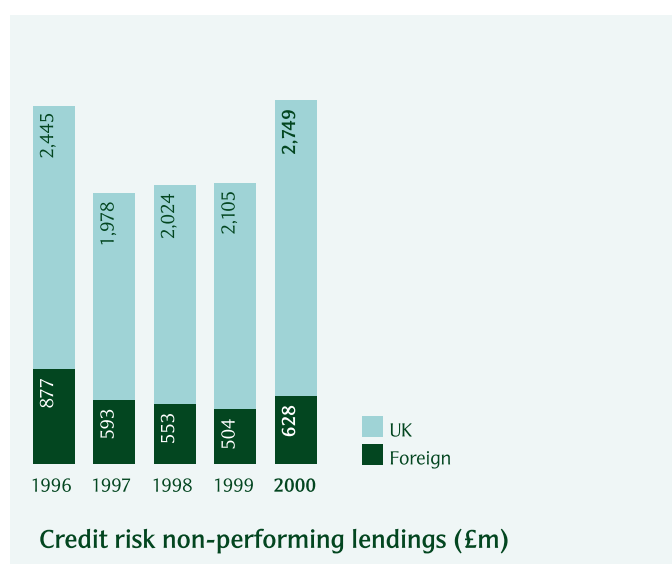
	2000 £bn	1999 £bn	1998 £bn	1997 £bn	1996 £bn
UK	0.7	0.6	0.6	0.6	0.9
Foreign	0.4	0.1	0.1	0.1	0.1
	1.1	0.7	0.7	0.7	1.0
	%	%	%	%	%
Total provision coverage of: credit risk non-performing lendings	70.7	76.4	75.2	71.8	65.6
total potential credit risk lendings	53.3	60.0	59.4	56.3	50.4

The increase in foreign potential problems lendings reflect exposures held by both Barclays Capital and Corporate Banking.

The high level of security held against the exposures included following the acquisition of The Woolwich reduces the level of provisions required and consequently this reduces the Group's coverage ratios. Excluding balances and provisions relating to The Woolwich, the coverage would be 81.2% and 58.1% respectively.

Interest forgone on non-performing lendings

	2000 £m	1999 £m	1998 £m
Interest income that would have been recognised under original contractual terms	246	165	182
Interest income included in profit	(48)	(45)	(63)
Interest forgone	198	120	119



Cross-border outstandings

The world-wide operations of the Group involve significant exposures in non-local currencies. These cross-border outstandings are controlled through a well-developed system of country limits, which are frequently reviewed to avoid concentrations of transfer, economic or political risks.

Cross-border outstandings, which exclude finance provided within the Group, are based on the country of domicile of the borrower or guarantor of ultimate risk and comprise loans and advances to customers and banks (including placings), finance lease receivables, interest bearing investments, acceptances, other monetary assets and on-balance sheet amounts arising from off-balance sheet financial instruments, denominated in currencies other than the borrower's local currency.

At 31st December 2000, the countries where Barclays cross-border outstandings exceeded 1% of assets were Germany, the United States, and Japan and consisted substantially of placings with banks due within one year. In this context, assets comprise total assets, as presented in the consolidated balance sheet, and include acceptances. On this basis, assets amounted to £317,325m at 31st December 2000 (1999 £256,308m, 1998 £220,564m).

Cross-border outstandings exceeding 1% of assets

	As % of assets %	Total £m	Banks and other financial institutions £m	Governments and official institutions £m	Commercial industrial and other private sector £m
At 31st December 2000					
Germany	2.4	7,505	6,829	554	122
United States	1.9	6,104	3,125	5	2,974
Japan	1.1	3,493	2,721	96	676
At 31st December 1999					
Germany	2.5	6,438	5,526	239	673
United States	2.1	5,281	2,036	11	3,234
France	1.6	4,022	3,274	202	546
Switzerland	1.1	2,756	2,129	–	627
Netherlands	1.1	2,740	1,761	6	973
At 31st December 1998					
United States	3.3	7,211	2,864	54	4,293
Germany	1.4	3,142	2,932	6	204
France	1.4	3,094	2,784	8	302
Netherlands	1.3	2,772	1,395	5	1,372
Japan	1.1	2,420	1,720	1	699

Cross-border outstandings between 0.75% and 1% of assets

At 31st December 2000, The Netherlands and France had cross-border outstandings of between 0.75% and 1% of total Group assets amounting to £5,745m. At 31st December 1999, Canada and Japan had cross-border outstandings of between 0.75% and 1% of total Group assets amounting to £4,320m. At 31st December 1998, Barclays had no countries with cross-border outstandings of between 0.75% and 1% of total Group assets.

Market risk management

Market risk is the risk of loss arising from changes in the level or volatility of market prices, which can occur in the interest rate, foreign exchange, equity and commodity markets. It is incurred as a result of both trading and asset/liability management activities.

The market risk management policies of the Group are determined by the Group Risk Management Committee, which also determines overall market risk appetite. The Group's policy is that exposure to market risk arising from trading activities is concentrated in Barclays Capital.

The Group's banking businesses are also subject to market risk, which arises in relation to non-trading positions, such as capital balances, demand deposits and customer originated transactions and flows. The management of market risk in this context is discussed further under Treasury asset and liability management on page 54.

Trading activities

Trading includes both customer oriented business and positions which are taken on Barclays Capital's own account. For maximum efficiency, these two activities are managed together.

In anticipation of future customer demand, the Group maintains access to market liquidity by quoting bid and offer prices with other market makers and carries an inventory of capital market and treasury instruments including a broad range of cash, securities and derivatives. Trading positions and any offsetting hedges are established as appropriate to accommodate customer or Group requirements. Barclays Capital also takes positions in the interest rate, foreign exchange, debt, equity and commodity markets based on expectations of customer demand or a change in market conditions.

Derivatives entered into for trading purposes include swaps, forward rate agreements, futures, options and combinations of these instruments. For a description of the nature of derivative instruments, see page 53.

In Barclays Capital, the formal process for the management of risk is through the Barclays Capital Risk Management Committee. Day to day responsibility for managing exposure to market risk lies with the Chief Executive of Barclays Capital, supported by a dedicated global market risk management unit that operates independently of the business areas.

Risk control

The Group uses a daily 'value at risk' measure as the primary mechanism for controlling market risk. Daily Value at Risk (DVAR) is an estimate, with a confidence level of 98%, of the potential loss which might arise if the current positions were to be held unchanged for one business day. Daily losses exceeding the DVAR figure are likely to occur, on average, only twice in every one hundred business days.

The Group Risk Management Committee allocates a total DVAR limit for the Group and delegates the day to day control and monitoring of market risk to the Group Market Risk Director, who sets limits for each business area. In the case of Barclays Capital, the overall limit is cascaded down to the trading business areas, subject to endorsement by the Group Market Risk Director and the Barclays Capital Risk Management Committee. Daily risk utilisation reports are produced across four main risk categories, namely interest rate (including credit spread risk), currency, equity and commodity risk.

As DVAR does not provide a direct indication of the potential size of losses that could arise in extreme conditions, Barclays Capital uses a number of complementary techniques for controlling market risk. Weekly firm-wide stress tests, based on both historical and hypothetical extreme movements of market prices, are produced. These are reviewed by the senior management of Barclays Capital at a risk meeting chaired by the Chief Executive of Barclays Capital. If the potential loss indicated by a stress test exceeds an agreed trigger level, then the positions captured by the stress test are reported to, and reviewed by, Group Risk Oversight Committee. Revenue losses are also subject to triggers, which can also lead to positions being reported to Group Risk Oversight Committee.

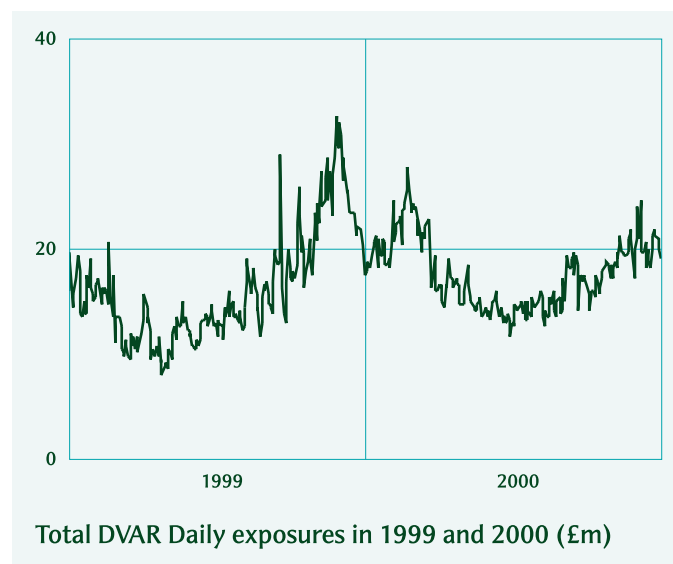
Analysis of market risk exposures

There has been no significant change in overall market risk exposure in 2000, although average DVAR was slightly higher than in 1999 (see table and chart below). Year-end DVAR was £19.0m (1999 £20.2m).

DVAR: Summary table for 2000 and 1999

	Twelve months to 31st December 2000			Twelve months to 31st December 1999		
	Average £m	High* £m	Low* £m	Average £m	High* £m	Low* £m
Interest rate risk	16.2	23.7	10.7	13.7	30.2	6.2
Foreign exchange risk	2.9	4.7	1.8	2.8	11.7	0.8
Equities risk	3.9	7.1	1.4	1.7	3.7	0.6
Commodities risk	1.4	3.5	0.9	1.2	2.2	0.5
Diversification effect	(6.9)			(3.3)		
Total DVAR	17.5	27.7	11.5	16.1	32.5	7.7

* The high (and low) DVAR figures reported for each category did not necessarily occur on the same day as the high (and low) DVAR reported as a whole. A corresponding diversification effect cannot be calculated and is therefore omitted from the above table.



Risk measurement

Barclays Capital uses the historical simulation method for calculating DVAR. At the beginning of 2000, the length of the historical sample was increased from one to two years. This change has not had a material impact on the reported numbers. The table on page 51 includes the daily average, maximum and minimum values of DVAR, calculated using a one year sample for 1999 and a two year sample for 2000.

In August 2000, Barclays Capital introduced an enhanced methodology for calculating DVAR. The previous methodology segregated interest rate exposures into two categories: government and non-government. For risk measurement purposes, all non-government exposures were assumed to trade at LIBOR flat, and were therefore implicitly assumed to have the same price volatility as an interest rate swap.

The new methodology maps interest rate exposures into eight categories: government, interest rate swaps and six credit grades for non-government exposures. The greater definition provided allows the system to discriminate between the market risk of holding bonds with different credit qualities, for example AAA securities as against non-investment grade securities. In particular, it will better measure the effectiveness of hedging strategies such as shorting governments or swaps against non-government bond portfolios.

Since the introduction of the new method, Barclays Capital has also continued to produce DVAR estimates using the old methodology. The impact of the change has been to increase reported DVAR by an amount which has averaged £3.2m and which has ranged between £1.3m and £5.8m. It has not been possible to apply the new methodology retrospectively to daily positions prior to August 2000, and so the figures tabulated above are based on the old methodology. As at 31st December 2000, the total DVAR using the new methodology was £21.3m compared with £19.0m using the old methodology.

Barclays Capital recognises the importance of assessing the effectiveness of DVAR. The main approach employed is the technique known as back-testing, which counts the number of days when trading related losses are bigger than the estimated DVAR figure. For Barclays Capital as a whole there were no instances in 2000 of a trading revenue loss exceeding the corresponding DVAR.

Derivatives

The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. These instruments are also used to manage the Group's own exposure to fluctuations in interest and exchange rates as part of its asset and liability management activities.

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group's net interest income, dealing profits, commissions received and other assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

The Group participates both in exchange traded and 'over the counter' (OTC) derivatives markets.

Exchange traded derivatives

The Group buys and sells exchange traded financial instruments, primarily financial futures and options on financial futures. Holders of exchange traded instruments provide margin daily with cash or other security at the exchange, to which the holders look for ultimate settlement.

OTC traded derivatives

The Group buys and sells financial instruments that are traded over the counter, rather than on a recognised exchange. In general, the terms and conditions of these transactions are tailored to the requirements of the Group's customers, although the majority conform to normal market practice. In many cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give the Group protection in situations where a counterparty is in default, including the ability to net outstanding balances where the rules of offset are legally enforceable. For further explanation of the Group's policies on netting, see page 77.

Foreign exchange derivatives

The Group's principal exchange rate related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency usually on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

Interest rate derivatives

The Group's principal interest rate related contracts are interest rate swaps, forward rate agreements, caps, floors, collars, swaptions and bond options.

An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. A basis swap is a form of interest rate swap, in which both parties exchange interest payments based on floating rates, where the floating rates are based upon different underlying reference rates.

In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount. The settlement, which generally occurs at the start of the contract period, is the discounted present value of the payment that would otherwise be made at the end of that period.

Equity derivatives

The Group's principal equity related contracts are equity and stock index swaps and options (including warrants, which are options listed on an exchange).

An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. No principal amounts are exchanged.

An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Commodity derivatives

The Group's commodity related contracts are mainly swaps and options on commodities such as oil price indices and precious and base metals price indices.

Property forwards

Property index forwards are OTC contracts for differences between the contract price and the settlement price on a given date in the future of a specified property index.

Credit derivatives

Credit derivatives are financial instruments that enable banks to manage credit risk without changing their underlying loan portfolios. The effect of a credit derivative is to transfer credit risk from one party, the protection buyer, to another party, the protection seller, who receives premium or interest related payments in return for contracting to make payments to the protection buyer. The payments are linked to the standing of a reference asset, which may be a security, a loan or an obligation on other derivative instruments. The term credit derivative may also be applied to cash instruments where repayment is linked to the credit standing of a reference asset.

Treasury asset and liability management

Treasury asset and liability management involves management of liquidity, funding, interest risk and exchange rate risk arising from non-trading positions through use of both on- and off-balance sheet instruments. The Group policy is to manage the earnings volatility arising from the effects of movements in interest rates and exchange rates on the non-trading positions inherent in the Group balance sheet. The policies for Group asset and liability management are set by the Group Treasury Committee, which is chaired by the Group Finance Director. On a regular basis, the Group Treasury Committee receives reports on the non-trading interest mismatch positions of the Group and the maturity transformation of the Group's assets and liabilities. These are monitored within defined limits.

Liquidity risk management

The management of liquidity within the Barclays Group has two principal strands. Firstly, day to day funding is managed by monitoring future cash flows to ensure that requirements can be met including the replacement of existing funds as they mature or are withdrawn to satisfy demand by customers for additional borrowings. Secondly, to maintain a stock of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

In order to avoid reliance on a particular group of customers or market sectors the distribution of sources and the maturity profile of deposits are actively managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on reputation, the strength of earnings and the Group's financial position.

A substantial portion of Barclays assets in the UK, and in certain other retail banking areas, are funded with 'core retail deposits'. These important sources of liquidity are mainly current accounts and savings accounts. Although current accounts are repayable on demand and savings accounts are repayable at short notice, maintaining a broad base of customers, both numerically and by type of depositor, helps to protect against unexpected fluctuations. Such accounts form a stable deposit base for the Group's operations and liquidity needs.

Liquidity management includes control over asset maturities and the volume and quality of liquid assets and short-term funds. Additionally, in evaluating the Group's liquidity position, management takes account of undrawn lending commitments; the usage of overdraft facilities and the possible impact of certain contingent liabilities such as standby letters of credit and guarantees.

The responsibility for the Group's overall liquidity policy and control lies with Group Treasury. In order to maximise the benefits from knowledge gained in overseas domestic markets, local treasury management in each location manage day-to-day liquidity within the parameters set by Group Treasury and subject to regular reports to Group Treasury. Local asset and liability management committees comprising senior local executives also review liquidity management depending on the size and complexity of the treasury operation.

Monitoring and reporting take the form of cash flow measurement based on principles agreed by the UK Financial Services Authority. Each operation is required to maintain sufficient access to funds, in terms of maturing assets and proven capacity to borrow in the money markets. Special attention is paid to cash flow projections for the next day, the next week and the next month as these are key periods for liquidity management. These positions are scrutinised daily to prevent problems developing in the future. In addition emphasis is placed on the need to monitor unmatched medium-term assets and the level and type of undrawn commitments.

The Group's liquidity policy is designed to ensure that access to appropriate funding is maintained. In accordance with the policy the Group believes that the liquidity position was satisfactory at 31st December 2000.

Interest rate exposure

The interest rate risk attached to the positions arising from the UK banking operations is managed by Group Treasury, which is responsible for the overall Group position. In managing the non-trading positions inherent in the Group's balance sheet, consideration is given to the substantial liabilities represented by interest free deposits, other interest free or fixed rate liabilities as well as, for these purposes, part of the Group's shareholders' funds. The positions arising from these balances are managed by the maintenance of a portfolio of assets with interest rates fixed for several years, including loans and advances to customers, debt securities and interest rate swaps and options. Similarly, mismatches of fixed rate assets and liabilities are managed through the use of interest rate swaps and other derivatives. Care is taken to ensure that the management of the portfolio is not inflexible, as market circumstances and customer requirements can rapidly change the desirable portfolio structure.

International banking operations also incur interest rate risk. Policies for managing this risk are agreed between Group Treasury and Group Risk Analysis and Policy and are applied through Asset and Liability Management Committees (ALCOs) as appropriate. Guidance on the scope and constitution of ALCOs is provided by Group Risk Analysis and Policy, who maintain regular contact with the businesses on risk management and control issues. Compliance with the applied policy is controlled via a comprehensive financial risk reporting framework including interest rate gap limits or, where more appropriate, value at risk limits issued by Group Risk Analysis and Policy. These limits enable positions, transactions and flows emanating from the banking books to be managed by local treasury operations in an orderly fashion, either through Barclays Capital managed trading outlets or, where necessary, through local markets.

The total Group exposure, excluding Barclays Capital trading risk, is shown for the purposes of this review in the form of an interest rate repricing table (see note 46 on page 113). This summarises the repricing profile of the Group's assets, liabilities and off-balance sheet exposures at 31st December 2000 and also reflects the non-trading hedges referred to above. This table can be used as the basis for the assessment of the sensitivity of the Group's earnings to interest rate movements, although allowance is also made for other factors such as asset and liability currency composition and customer behaviour (e.g. early prepayment of loans). It is estimated that as at 31st December 2000, the Group's earnings in 2001 would not be significantly affected either by a hypothetical immediate and sustained increase of 1% in interest rates or by a similar decrease in interest rates.

Foreign exchange exposure

The corporate and retail banking businesses incur foreign exchange risk in the course of providing services to their customers. The part of this risk that arises in UK operations is transferred to and managed by Barclays Capital. In the case of the international operations, Group Risk Analysis and Policy allocates modest foreign exchange open position limits to facilitate the management of customer originated flows. Exposures are reported daily to Group Risk Analysis and Policy and Group Treasury. As at 31st December 2000, aggregate DVAR of these businesses for foreign exchange rate risk was £0.2m (1999 £0.2m).

Hedging

Risk management activities employ interest rate swaps, currency swaps and other derivatives that are designated as hedges.

The following table provides examples of certain activities undertaken by the Group, together with the related market risks and the types of derivatives that may be used in managing such risks.

Activity	Risk	Type of hedge
Fixed rate lending and fixed rate investment.	Reduced earnings due to an increase in interest rates.	Pay fixed interest rate swaps and buy interest rate caps.
Fixed rate funding (e.g. medium-term note issuance).	Reduced earnings due to a fall in interest rates.	Receive fixed interest rate swaps and buy interest rate floors.
Firm foreign currency commitments (e.g. asset purchases and sales).	Reduced earnings due to changes in exchange rates between arranging a transaction and completion.	Foreign currency transactions.
Managing the Group's risk asset ratios.	Reduced risk asset ratio due to strengthening of foreign currency against sterling.	Currency swaps.

The hedge transactions which are linked to these activities are centralised within Group Treasury and the exposure is then passed to the market principally via independently managed dealing units within Barclays Capital, who treat these transactions as part of their normal trading activities, and also via third parties. Risks arising in the Group's other banking operations are managed in a similar way. The disclosure that follows relates to derivative components of the Group's hedging programme transferred to the market via internal or external counterparties.

The reported figures do not take account of underlying balance sheet items being hedged, the net interest income thereon or their mark to market values.

Management of foreign currency investments

Non-trading positions in foreign currencies arise from the currency investments which the Group makes in its overseas businesses. The Group's policy is to manage the currency balance of the funding, financing these investments so as to limit the effect of exchange rate movements on the Group's risk asset ratios. Management of the funding of investments in overseas branches and subsidiary and associated undertakings and joint ventures is carried out by Group Treasury, where the operation of the funding policy is frequently reviewed. Regular reports are made to Group Treasury Committee. The principal structural currency exposures of the Group are set out in note 46 on page 115.

These positions, together with the currency composition of tier 2 and tier 3 capital and minority interests in tier 1 capital, ensure that movements in exchange rates have little impact on the Group's risk asset ratios. Such movements have an impact on reserves (see exchange rate translation differences on page 84). With the positions in place at 31st December 2000, a hypothetical increase of 10% in the value of sterling against all currencies would have led to a fall of some £68m in reserves (1999 £110m).

For interest rate swaps and cross currency interest rate swaps that are used in the management of the non-trading exposures, the weighted average pay fixed rates and receive fixed rates by maturity date and nominal amount at 31st December 2000 were as follows in the table below:

The nominal amounts below include £5,120m and £641m, in respect of sterling and non-sterling basis swaps respectively. Basis swaps are swaps where both payable and receivable legs are variable.

In managing the non-trading exposures relating to capital balances and demand deposits, both on-balance sheet and derivative positions are held. The net effect of the derivative positions, in isolation, on net interest income resulted in a debit of £5m (1999 credit of £79m). This included debits of £70m (1999 £19m) and credits of £65m (1999 £98m) for interest rate and exchange rate derivatives respectively.

	Sterling denominated contracts				Non-sterling denominated contracts			
	Pay fixed		Receive fixed		Pay fixed		Receive fixed	
	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %
Maturity date: Not more than three months	3,318	3.96	8,076	6.51	1,672	7.36	1,184	5.54
Over three months but not more than six months	2,644	5.79	2,825	6.55	5,634	0.96	1,323	2.98
Over six months but not more than one year	8,330	6.98	11,328	7.10	3,866	1.99	1,405	5.27
Over one year but not more than five years	18,364	6.55	22,191	6.26	4,668	3.73	2,377	5.62
Over five years	2,736	6.76	4,019	6.64	1,738	6.34	2,624	6.73
	35,392	6.37	48,439	6.55	17,578	3.06	8,913	5.49

The weighted-average receive variable and pay variable rates by reset maturity date and nominal amount at 31st December 2000 were as follows:

	Sterling denominated contracts				Non-sterling denominated contracts			
	Receive variable		Pay variable		Receive variable		Pay variable	
	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %	Nominal amount £m	Average rate %
Reset maturity date: Not more than three months	30,331	6.07	37,830	5.87	7,314	4.91	6,939	6.04
Over three months but not more than six months	10,181	4.95	15,729	3.81	10,905	3.85	2,615	2.22
	40,512	5.79	53,559	5.26	18,219	4.27	9,554	4.99

Management of operational and other risks

In addition to credit, market and treasury risks, Barclays faces a number of other risks. These risks are controlled and managed within the overall risk management framework under the leadership of the Group Risk Director.

Operational risk management

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the systems that support them. It can occur in all the Group's businesses and includes errors, omissions, natural disasters and deliberate acts such as fraud.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Group and to be consistent with the prudent management required of a large financial organisation.

The Group manages this risk under an overall strategy determined by the Group Risk Management Committee supported by the Group Operational Process Risk, Group IT Security Risk, Group Business Continuity Management, Group Fraud Prevention, Group Premises Related Risk and Group People Related Risk Functions. This strategy is implemented by each business unit and monitored at Group level. Within this structure, potential risk exposures are assessed to determine the appropriate type of controls to be applied.

It is recognised that such risks can never be entirely eliminated and that the cost of controls in minimising these risks may outweigh the potential benefits. Accordingly, the Group continues to invest in risk management and mitigation such as business continuity management and incident management. Where appropriate this is supported by risk transfer mechanisms such as insurance. In reinforcement of the implementation of the Group's risk strategy by the business units, independent checks on risk issues are undertaken by the internal audit function.

Compliance risk management

The Group is subject to a comprehensive supervisory and regulatory structure in the UK, the European Union, the USA, Asia-Pacific and in the many other countries around the world in which it operates.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

Responsibility for this risk lies with the Group Chief Executive and the business heads, who are ultimately accountable to the Board. They are supported in the discharge of their responsibilities by the Group Compliance Director, the compliance directors in each of the businesses and the Group Regulatory Compliance function.

Legal risk management

Legal risk is the risk that the business activities of the Group have unintended or unexpected legal consequences. It includes risk arising from:

- » Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- » Actual or potential violations of law or regulation (including activity unauthorised for a bank and which may attract a civil or criminal fine or penalty);
- » Failure to protect the Group's property (including its interest in its premises and its intellectual property such as the Barclays logo, brand names and products); and
- » The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Group identifies and manages legal risk through effective use of its internal and external legal advisers. The Group General Counsel has ultimate responsibility for identifying, monitoring and providing support necessary to identify, manage and control legal risk across the Group.

Tax risk management

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law. Responsibility for control of this risk lies with the Group Taxation Director.

Economic and monetary environment

European Economic and Monetary Union (EMU)

The delivery of changes required to deal with the introduction of euro notes and coins, and the demise of the legacy currencies of the eurozone countries are being planned. No significant incremental costs are expected in 2001 as a result of these preparations.

Barclays incurred minimal expenditure during 2000 with respect to any decision to introduce the euro in the UK that may be made by the Government in the near future.

Supervision and regulation

UK

The UK government is implementing a major overhaul of the UK financial regulatory system aimed at creating a new single statutory regulator, the Financial Services Authority (FSA), for the full range of financial business, including deposit-taking business, securities and other investment business and insurance business.

The first stage of this reform programme comprised the implementation of the Bank of England Act 1998 (the 1998 Act), which came into force on 1st June 1998. Under the 1998 Act, responsibility for banking supervision in the UK was transferred from the Bank of England to the FSA. The Bank of England retains its monetary policy role and responsibility for the overall stability of the financial system.

The next step in the reform programme is the implementation of new legislation (the Financial Services and Markets Act 2000) to replace the existing legislation, including the Financial Services Act 1986 and the Banking Act 1987 (see below). The Financial Services and Markets Act received Royal Assent in June 2000 and its substantive provisions are expected to come into force, together with other necessary secondary legislation on which HM Treasury has been and is currently consulting, in the second half of 2001. From then on the FSA will become a single regulator (replacing other regulators such as the self-regulating organisations (SROs)) and have a unified handbook of rules and guidance for financial services.

The primary objective of the FSA (in its role as a bank supervisor) is to fulfil the responsibilities relating to the safety and soundness of banks placed on it by the Banking Act 1987 (the 1987 Act) with the aim of strengthening, but not ensuring, the protection of depositors. Barclays Bank PLC is an authorised institution under the 1987 Act and is subject to consolidated supervision by the FSA under that Act.

The FSA's continuing supervision of banks authorised by it is conducted through the collection of information from statistical and prudential returns, reports obtained from banks' reporting accountants at the FSA's request, visits to banks and regular meetings with management to discuss issues such as performance, risk management and strategy. Under a risk-based approach rolled out for all banks in 1998 – RATE – the starting point for the FSA's supervision of all banks is based on a systematic analysis of the risk profile of each bank. The FSA also promulgates requirements that it expects banks (and

groups containing banks which are subject to consolidated supervision) to meet on matters such as capital adequacy (see Capital resources on page 32), limits on large exposures to individual entities and groups of closely connected entities, and liquidity.

UK banks are required to be members of, and to contribute to, a deposit protection scheme. This entitles depositors with a failed institution to receive 90% of their protected deposits, subject to a maximum payment to any depositor of £18,000 (or €20,000 if greater).

Most deposits made with branches of Barclays Bank PLC within the European Economic Area (EEA) which are denominated in sterling or other EEA currencies (including the euro) are covered by the scheme.

Securities and other investment business is currently regulated in the UK under the Financial Services Act 1986 (the 1986 Act). Barclays Bank PLC and certain other subsidiaries are authorised to conduct investment business in the UK through their membership of SROs which are recognised by the FSA (in its role as the regulatory body with oversight responsibilities under the 1986 Act). As part of the reform programme, the FSA, under service contracts, now carries out monitoring on behalf of the SROs and provides them with support services to enable them to fulfil their functions. The SROs regulate the conduct of investment business by their members, although to avoid duplication they do not generally impose separate capital adequacy requirements on members such as banks where the FSA acts as the lead regulator. Firms authorised to conduct investment business are also required to participate in and contribute to an investors compensation scheme to provide protection to private investors against the default of a participating firm up to a limit of £48,000 per investor.

The UK has now largely implemented the minimum requirements imposed by European Community Directives on such matters as capital adequacy and deposit and investor compensation schemes. These form part of the European single market programme, an important feature of which is the framework for mutual recognition. This is designed to enable a bank or investment firm authorised in one European Union member state to conduct banking or securities and investment business through branches or cross-border in other member states without the need for additional local authorisation.

Formal consultation is a key aspect of the UK government's reform programme and the Group has been reviewing and, where relevant, commenting upon proposals both directly and through market associations.

The Basel Committee and the European Commission have issued consultation papers designed to replace the existing framework for the allocation of regulatory capital for credit risk. They recognise that a more sophisticated approach is now required to address both financial innovation and the increasingly complex risks faced by financial services institutions. Most recently the Basel Committee and the European Commission issued in January and February 2001 respectively proposals for a new capital adequacy regime that, once finalised, will augment the 1988 Basel Capital Accord and the existing EU capital framework. The final versions of the rules are expected to be published around the end of 2001 and to be implemented in 2004.

Rest of the World

In the United States, Barclays PLC, Barclays Bank PLC and certain US subsidiary undertakings, branches and agencies of the Bank are subject to a comprehensive regulatory structure, involving numerous statutes, rules and regulations, including the International Banking Act of 1978, the Bank Holding Company Act of 1956, as amended, and the Foreign Bank Supervision Enhancement Act of 1991. Such laws and regulations impose limitations on the types of businesses, and the ways in which they may be conducted, in the United States and on the location and expansion of banking business there. The securities and investment management activities conducted in the United States are also subject to a comprehensive scheme of regulation under the US federal securities laws, as enforced by the Securities and Exchange Commission.

Barclays operates in many other countries and its overseas offices and subsidiary and associated undertakings are subject to reserve and reporting requirements and controls imposed by the relevant central banks and regulatory authorities.

Risk factors

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act 1995 with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. The Group may also make forward-looking statements in other written materials, including other documents filed with or furnished to the SEC. In addition, the Group's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. In particular, among other statements, certain statements in the Financial Review and Business Description with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, and competition are forward looking in nature.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future results may differ materially from those set out in the Group's forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, operational, legal, market, liquidity, credit and other risks set out on pages 36 to 57 of the Financial review and Competition as discussed on page 11. The discussion in this report sets forth certain other risks and uncertainties that the Group believes could cause its actual future results to differ materially from expected results. However, other factors could also adversely affect the Group's results and the reader should not consider the factors discussed in this report to be a complete set of all potential risks or uncertainties.

Business conditions and general economy

The profitability of the Group's businesses could be adversely affected by a worsening of general economic conditions in the UK or elsewhere as well as by foreign and domestic trading market conditions. Such factors could also adversely affect the credit quality of the Group's on-balance sheet and off-balance sheet assets. An economic downturn or significantly higher interest rates could increase the risk that a greater number of the Group's customers would default on their loans or other obligations to the Group, or would refrain from seeking additional borrowing.

Government policies and economic controls

The Group's businesses and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the UK, foreign governments and international agencies. The nature and impact of future changes in such policies are not predictable and are beyond the Group's control.

The UK Competition Commission is conducting an enquiry into the supply of banking services by clearing banks to small and medium sized enterprises and is due to report in June 2001. Provisional findings as to the existence of any monopoly situation and any public interest issues arising may be made during March 2001 but no final conclusions affecting Barclays will be made before the Commission completes its report.

Credit risk

The Group's provisions for credit losses provides for risks of losses inherent in loans and advances. Estimating potential losses is inherently uncertain and depends on many factors, including general economic conditions, rating migration, structural changes within industries that alter competitive positions, and other external factors such as legal and regulatory requirements.

Directors and officers of Barclays PLC and Barclays Bank PLC

1 Chairman

Sir Peter Middleton GCB

Sir Peter Middleton GCB (age 66) was appointed Group Chairman at the 1999 annual general meeting. Sir Peter joined the Board in 1991 as Deputy Chairman and Chairman of BZW. This followed a long career in HM Treasury where he was Permanent Secretary from 1983 to 1991. He became Chairman of Barclays Capital following the reorganisation of BZW in October 1997. In May 1998, he relinquished his executive responsibilities as Deputy Chairman and Chairman of Barclays Capital but remained a non-executive Director. He resumed executive responsibilities when he was appointed Group Chief Executive and reappointed Group Deputy Chairman in November 1998. He stepped down as Group Chief Executive following the appointment of Matthew Barrett on 1st October 1999. He is a non-executive Director of Bass PLC, Deputy Chairman of United Utilities PLC, Chancellor of Sheffield University and a member of the Financial Reporting Council. He is Chairman of the Board Nominations and Board Risk Committees.

2 Group Chief Executive

Matthew William Barrett

Matthew William Barrett (age 56) was appointed Group Chief Executive and joined the Board on 1st October 1999. He joined Barclays from Bank of Montreal where he was Chairman and, until February 1999, Chief Executive Officer. He joined the Bank of Montreal in 1962 and during his career held a variety of senior management positions in different areas within the bank, including Retail Banking, International Banking and Treasury. He was appointed Chief Operating Officer in 1987, Chief Executive Officer in 1989 and elected Chairman of the Board in 1990. In 1994, he became an Officer of the Order of Canada, the country's highest civilian honour, and in 1995 he was awarded the title of Canada's Outstanding CEO of the Year. He has been a non-executive Director of The Molson Companies Limited since 1992 and was also a non-executive Director of The Seagram Company Limited from 1995 until 4th December 2000. He is a member of the Board Risk Committee.

3 Deputy Group Chief Executive and Chief Executive, Retail Financial Services

John Morrison Stewart

John Morrison Stewart (age 51) joined the Board on 25th October 2000 on completion of the acquisition of Woolwich plc. He joined The Woolwich in 1977, initially working in the branch network. He became Insurance Services Manager in 1986 and, in 1989, started Woolwich Independent Financial Advisory Services, now one of the UK's largest IFA businesses. He was also responsible for the launch of Woolwich Unit Trust Managers and Woolwich Life Assurance Company. He was appointed to The Woolwich board in January 1995 and became its Group Chief Executive in July 1996.



4 Chief Executive, Corporate Banking

Christopher John Lendrum

Christopher John Lendrum (age 54) joined the Board in 1998. He joined Barclays Bank in 1969 and has been Chief Executive of Corporate Banking since April 1998, having held a number of senior positions in the Group prior to that date. These include Deputy Managing Director of Barclays Banking Division, Regional Director, North London and Executive Vice President, Barclays Bank of New York.

5 Group Finance Director

John Silvester Varley

John Silvester Varley (age 44) joined the Board in 1998 and was appointed Group Finance Director on 9th November 2000. He joined Barclays Merchant Bank in 1982 and was Chief Executive of Retail Financial Services from April 1998 to October 2000, having previously been Chairman of the Asset Management Division since 1995.

Non-executive Directors**6 Deputy Chairman**

Sir Brian Garton Jenkins

Sir Brian Garton Jenkins (age 65) joined the Board on 25th October 2000 as a Deputy Chairman on completion of the acquisition of Woolwich plc. He joined The Woolwich Board as a non-executive Director in July 1994 and was appointed Deputy Chairman in January 1995. He became Chairman in May 1995 and oversaw the conversion of The Woolwich Building Society to a public limited company in July 1997. A former senior partner of Coopers & Lybrand, Chartered Accountants, Sir Brian has served as Lord Mayor of London and as President of the Institute of Chartered Accountants in England & Wales and the British Computer Society. He is a director of several companies and Chairman of the Charities Aid Foundation. He is a member of the Board Remuneration and Board Nominations Committees.

7 Deputy Chairman

Sir Andrew Large

Sir Andrew Large (age 58) joined the Board in 1998 as Deputy Chairman. He was Chairman of The Securities and Investments Board from 1992 to 1997. From 1980 to 1990 he was at Swiss Bank Corporation (Board Member 1988 – 1990). He has served as a member of the Council of the London Stock Exchange and on the Panel on Takeovers and Mergers, and as a non-executive Director of several public companies. He is a member of the European Institute of Business Administration (INSEAD). He is a member of the Board Audit and Board Risk Committees.

8 Thomas David Guy Arculus

Thomas David Guy Arculus (age 54) joined the Board in 1997. He is the Chairman of Severn Trent plc and IPC Group Limited. His previous positions include Group Managing Director of EMAP plc and Director of United News and Media plc. He is a member of the Board Remuneration and Board Nominations Committees.

9 Hilary Mary Cropper CBE

Hilary Mary Cropper CBE (age 60) joined the Board in 1998. She is Executive Chairman of F.I. GROUP PLC, a leading supplier of business enabling technology services. She is a member of the Financial Reporting Council, an external adviser to the Home Civil Service Senior Appointments Selection Committee

and a member of the Government's New Deal Task Force. She is a member of the Board Remuneration and Board Nominations Committees.

10 Peter Jack Jarvis CBE

Peter Jack Jarvis CBE (age 59) joined the Board in 1995. He is Chairman of Debenhams PLC and a non-executive Director of The Rank Group plc. He was Chief Executive of Whitbread PLC from 1985 to 1997 and non-executive Deputy Chairman of Burton Group plc until January 1998. He is Chairman of the Board Remuneration Committee and a member of the Board Nominations Committee.

11 Sir Nigel Mobbs

Sir Nigel Mobbs (age 63) joined the Board in 1979. He is Chairman of Slough Estates plc and his other directorships include Aims of Industry, Bovis Homes Group PLC and Howard de Walden Estates. He is Lord-Lieutenant of Buckinghamshire and Chairman of the Wembley Task Force. He is Chairman of the Board Audit Committee and a member of the Board Remuneration and Board Nominations Committees.

12 Sir Nigel Rudd DL

Sir Nigel Rudd DL (age 54) joined the Board in 1996. He is Chairman of Kidde PLC, non-executive Chairman of Pilkington PLC and Pendragon PLC and a non-executive Director of The Boots Company PLC. He is a member of the Board Audit and Board Risk Committees.

13 Stephen George Russell

Stephen George Russell (age 55) joined the Board on 25th October 2000 on completion of the acquisition of Woolwich plc. He joined The Woolwich board as a non-executive Director in 1998. He was Managing Director of Boots The Chemists Ltd from 1995 and joint Group Managing Director of The Boots Company PLC from 1997 until he became Chief Executive of The Boots Company PLC on 1st April 2000. He is a member of the Board Audit Committee.

Barclays considers that its non-executive Directors are independent as they neither represent a major shareholder group nor have any significant involvement in the day to day management of the Group.

Executive Committee members

Appointed

Matthew Barrett – Group Chief Executive	1999
Bob Diamond – Chief Executive, Barclays Capital	1997
Gary Dibb – Chief Administrative Officer	2000
Bob Hunter – Managing Director, Wealth Management	1999
Chris Lendrum – Chief Executive, Corporate Banking	1996
Bob Potts – Chief Executive, Barclaycard	2000
Tim Shephard-Walwyn – Group Risk Director	2000
John Stewart – Deputy Group Chief Executive and Chief Executive, Retail Financial Services	2000
John Varley – Group Finance Director	1996
David Weymouth – Chief Information Officer	2000

Officers

Geoffrey Mitchell OBE – Chief Accountant	1996
Howard Trust – Group General Counsel and Group Secretary	1995
Alison Dillon – Joint Secretary, Barclays Bank PLC	1998

Directors' report

Profit attributable

The profit attributable to shareholders for the year amounted to £2,473m, compared with £1,759m in 1999.

Second interim dividends

Second interim dividends for the year ended 31st December 2000 of 38p per ordinary share and 10p per staff share have been approved by the Directors. The second interim dividends will be paid on 30th April 2001 in respect of the ordinary shares registered at the close of business on 23rd February 2001 and in respect of the staff shares so registered on 31st December 2000.

With the first interim dividends of 20p per ordinary share of £1 each and of 10p per staff share that were paid on 3rd October 2000, the total distribution for 2000 is 58p (1999 50p) per ordinary share and 20p (1999 20p) per staff share. The dividends for the year absorb a total of £927m (1999 £746m).

Dividend Reinvestment Plan

Shareholders may have their dividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The Plan is available to all shareholders provided that they do not live in, or are subject to the jurisdiction of, any country where their participation in the Plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details of the Plan and a mandate form should contact The Plan Administrator to Barclays at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. Those wishing to participate for the first time in the Plan should send their completed mandate form to The Plan Administrator so as to be received by 5th April 2001 for it to be applicable to the payment of the second interim dividend on 30th April 2001. Existing participants should take no action unless they wish to alter their current mandate instructions, in which case they should contact The Plan Administrator.

Share capital

During the year, Barclays PLC purchased in the market for cancellation 19,562,682 of its ordinary shares of £1 each at a total cost of £311m as part of its programme of returning excess capital to shareholders. These transactions represented some 1% of the issued ordinary share capital at 31st December 2000. As at 7th February 2001, the Company has an unexpired authority to repurchase further shares up to a maximum of 204,437,318 ordinary shares.

Barclays PLC issued 176,405,111 ordinary shares of £1 each to shareholders of Woolwich plc as a result of the acquisition of The Woolwich. Under the basic terms of the offer, ordinary shareholders of The Woolwich were entitled to receive 0.1175 Barclays ordinary shares and £1.64 in cash for each Woolwich plc share held.

In addition, ordinary share capital was increased by 9,912,585 shares during the year as a result of the exercise of options under the SAYE and Executive Share Option Schemes, and at 31st December 2000 totalled 1,661,643,535 shares.

Barclays PLC acquired 186,860,515 new ordinary shares of £1 each in Barclays Bank PLC during 2000, of which 176,405,111 were issued in part consideration for the transfer of The Woolwich from Barclays PLC. The remaining 10,455,404 shares were acquired at a cost of £195m.

Group Share Schemes

The trustees of the Group's employees' benefit trusts may make purchases of Barclays PLC ordinary shares in the market at any time following the announcement of the Group's results in February 2001 for the purposes of the Group Share Schemes' current and future requirements. The total number of ordinary shares purchased would not be material in relation to the issued share capital of Barclays PLC.

Substantial shareholdings

At 7th February 2001 the Company has not been notified of any major interests in its shares as required by sections 198 to 208 of the Companies Act 1985.

Board membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical, and is set out on pages 60 and 61.

Sir Brian Jenkins, Stephen Russell and John Stewart were appointed as Directors on 25th October 2000. Sir Brian Jenkins was appointed a Deputy Chairman and John Stewart was appointed Deputy Group Chief Executive and Chief Executive, Retail Financial Services on the same date. David Allvey resigned from the Board on 9th November 2000 and John Varley was appointed Group Finance Director on the same date. Mary Baker retired from the Board on 31st December 2000.

Retirement and re-election of Directors

One-third (or the nearest whole number below one-third) of the Directors of Barclays PLC are required to retire by rotation at each annual general meeting, together with Directors appointed by the Board since the previous annual general meeting. The retiring Directors are eligible to stand for re-election. The Directors retiring at the 2001 annual general meeting and offering themselves for re-election are Sir Peter Middleton, Chris Lendrum and Peter Jarvis. In addition, Sir Brian Jenkins, Stephen Russell and John Stewart, who were appointed as Directors since the last annual general meeting, will be offering themselves for re-election at the 2001 annual general meeting in accordance with Article 103 of the Company's Articles of Association.

Directors' interests

Directors' interests in the shares of the Group on 31st December 2000, according to the register maintained under the Companies Act 1985, are shown on page 73. The register is available for inspection during business hours at the Group's Head Office and will be available for inspection at the 2001 annual general meeting. At no time during the year did any Director of the Company have an interest in a contract entered into by a Group company which was significant to the Group's business.

Directors' emoluments and options

Information on emoluments and options of Directors of Barclays PLC, in accordance with the Companies Act 1985 and the Listing Rules of the Financial Services Authority, is given in the report on Corporate governance by the Board on pages 65 to 72 and in note 57 to the accounts.

For US disclosure purposes, the aggregate emoluments of all Directors and officers of Barclays PLC who held office during the year (2000 26 persons, 1999 24 persons) for the year ended 31st December 2000 amounted to £28,476,000 (1999 £22,559,000). In addition, the aggregate amount set aside, for the year ended 31st December 2000, to provide pension benefits for the Directors and officers amounted to £1,127,000 (1999 £541,000). The aggregate emoluments of all Directors and officers of Barclays Bank PLC who held office during the year (2000 27 persons, 1999 25 persons) for the year ended 31st December 2000 amounted to £28,623,000 (1999 £22,214,000). In addition, the aggregate amount set aside by the Bank and its subsidiary undertakings, for the year ended 31st December 2000, to provide pension benefits for the Directors and officers amounted to £1,132,000 (1999 £553,000).

Activities

Barclays is a UK-based financial services group engaged primarily in banking, investment banking and asset management. The Group operates through branches and offices in the UK and overseas. The activities of the Group are described on pages 6 to 11 and developments in the Group's business during the year and an indication of future developments are analysed in the Financial review on pages 12 to 59. Both of those sections are incorporated as part of this report. Post balance sheet events are set out in note 49.

Community involvement

The Group's community support totalled £26.3m (1999 £20.9m). This includes £3.8m in respect of secondments to the community (1999 £5.7m). Of the total £26.3m, Barclays gave £24.9m in support of the community in the UK (1999 £18.5m) and £1.4m internationally (1999 £2.4m). UK community support includes £8.9m of charitable donations (1999 £5.8m). Barclays is a member of the PerCent Club – a group of companies that undertook to donate at least 0.5% of their UK pre-tax profits to the community in 2000. The Group made no political donations in the UK during 2000.

Employee involvement

Barclays is committed to ensuring that employees share in the success of the company and have the opportunity to share their views and provide feedback on issues which are important to them.

Employees share in the success of Barclays through the Save As You Earn share option scheme, which is very popular, with 80% of eligible employees participating. For the year 2000, a Profit Sharing Scheme was also a significant feature of sharing in success.

Barclays has begun to develop a new way of communicating with employees. This began with a series of Open Forums across the UK and abroad in which Matthew Barrett shared information and sought views on a wide range of issues. Face to face communication will continue to be the preferred way of communicating with employees but will be supported by the increasingly effective use of technology. Focus groups are also used to capture employees' opinions and views.

New ways of getting employees to buy into the spirit and culture of the organisation have been introduced. For example, the Release The Power programme is aimed at increasing employees' business awareness, improving leadership skills and ensuring all employees understand and live the Barclays brand values.

Barclays has a constructive relationship with UNIFI, its recognised trade union in the UK. This was further enhanced in April 2000 by the signing of agreed 'Partnership Principles' which govern that relationship.

Equality and diversity

Barclays is committed to supporting work/life balance for all staff and our flexible working practices, often supported by new technology, continue to evolve to meet the changing needs of the business and the individual. There is an emerging trend for full-time staff to work a pattern that matches their home requirements with business demands, whether this be over a different set of hours, compressed days or to incorporate weekends.

Our new maternity, parental and care leave policies were reviewed in 2000 to make them amongst the most progressive in the UK. Such changes demonstrate our commitment to being a leading employer, promoting flexible working for the mutual benefit of employees and the business.

Barclays is committed to giving full and fair consideration to applications for employment from people with disabilities and to continuing the employment of staff who become disabled and arranging any appropriate training to achieve this. The Group is a core sponsor and active member of the Employers' Forum for Disability which promotes, advises and shares information across industry and commerce on the best ways of providing equality of opportunity for people with disabilities. Against a backdrop of considerable structural change in our business, we have been working very hard to provide tailored support to staff with disabilities during 2000 and will continue to do so throughout 2001.

There is still more to be done to achieve a fully diverse workforce at all levels of the organisation and across all business functions. An executive Equality & Diversity Steering Group has been established to co-ordinate this effort and in 2000, a senior executive was appointed to lead a programme of activities under the heading of equality and diversity, relating both to customers and staff. We are working with senior diversity champions, internal taskforces and many external organisations in pursuit of equality and diversity objectives, not only in employment but across the whole business spectrum. These taskforces cover the areas of gender, sexual orientation, ethnic minorities, disability and age.

Valuing diversity is clearly understood as being a key element of fully harnessing the potential of our people and our business in a rapidly changing and highly competitive global market. In 2001, we expect to see a great deal of focus on activities in this area.

Creditors' payment policy

Barclays policy follows the DTI's Better Payment Practice Code, copies of which can be obtained from the Better Payment Practice Group's website at www.payontime.co.uk. The Code states that a company should have a clear, consistent policy, adhered to by the finance and purchasing departments that payment terms are agreed at the outset and payment procedures explained to suppliers, that bills are settled in accordance with payment terms agreed with suppliers, that complaints are dealt with quickly and that suppliers are advised of disputes. Barclays values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly. Normal policy is to pay all small business purchases within 30 days. Creditor payment days are carefully monitored in the Group, using the systems which record the actual purchases and payments. Barclays estimate that for all UK supplies to Barclays Bank PLC average creditor payment days in 2000 were 34 days.

Paragraph 12(3) of Schedule 7 to the Companies Act 1985 requires disclosure of trade creditor payment days. Disclosure is required by the Company, rather than the Group. The Group's principal trading subsidiary in the UK is Barclays Bank PLC, the accounts for which are prepared under Schedule 9 of the Companies Act 1985. The components for the trade creditor calculation are not easily identified in Schedule 9. However, by identifying as closely as possible the components required by the Schedule, the trade creditor payment days for Barclays Bank PLC for 2000 were 32 days (1999 24 days). This is an arithmetical calculation which includes property rentals and payments, and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor.

The auditors

PricewaterhouseCoopers have signified their willingness to continue in office and a resolution re-appointing them as auditors and authorising the Directors to determine their remuneration will be proposed at the 2001 annual general meeting.

The annual general meeting

The annual general meeting will be held at The Queen Elizabeth II Conference Centre on 9th April 2001. The Notice of Meeting is included in the Annual Review and Summary Financial Statement 2000 sent to shareholders at the same time as this report.

By order of the Board
Howard Trust
Group Secretary
7th February 2001

Corporate governance

Introduction

Corporate governance, the system by which companies are managed and controlled, is a topic of great importance, both to the Directors of a company and its shareholders. Over the last few years, guidelines and codes have been developed culminating in the publication in June 1998 of the Combined Code – Principles of Good Governance and Code of Best Practice.

Barclays has complied with the provisions of the Combined Code for the year ended 31st December 2000 save for the formal appointment of a senior independent Director.

The Board is committed to business integrity and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the development of best practice. Barclays has adopted its own internal corporate governance guidelines which are available from the Group Secretary. These address the responsibilities of the Board and how they are met, the composition of the Board and selection procedures for new Directors and relationships with stakeholders.

The Board and Board Committees

The Board consists of the Chairman, eight non-executive Directors and four executive Directors. Their details appear on pages 60 and 61. Executive Directors generally have responsibility for making and implementing operational decisions and running the Group's businesses. The non-executive Directors support the skills and experience of the executive Directors, by approving strategy and policy based on their knowledge and experience of other businesses and sectors.

The Board meets regularly and has a formal schedule of matters reserved to it. All Directors have access to the advice of the Group Secretary and independent professional advice is also available to Directors in appropriate circumstances at the Company's expense.

The roles of Chairman and Chief Executive are separate with responsibilities divided between them.

The chairmen of both the Board Remuneration and Board Audit Committees are senior non-executive Directors and the Board believes that it is therefore not necessary to nominate one individual to assume the role of senior independent director.

Following the appointment of new Directors to the Board an induction programme is arranged, including visits to the Group's businesses and meetings with senior management as appropriate, to help them quickly to get a full understanding of the Group.

At each annual general meeting one-third of the Directors retire and offer themselves for re-election. In practice, over a number of years, this has meant that every Director has stood for re-election at least once every three years.

Our Directors diligently support the work of the Board. During the year ended 31st December 2000 all of our Directors attended at least 11 of the 12 Board meetings.

Board Committees

Specific responsibilities have been delegated to the Board committees. The four principal Board committees are:

Board Audit Committee

Sir Nigel Mobbs, *Chairman*
Sir Andrew Large
Sir Nigel Rudd
Stephen Russell

The Board Audit Committee meets at least four times a year with the Group's senior management, the internal audit team and the external auditors to review, among other things, the Group's annual and interim financial statements, internal audit and compliance reports and the effectiveness of the Group's systems of internal control. It also approves and reviews the appointment and retirement of the external auditors, as well as their relationship with the Group.

Board Remuneration Committee

Peter Jarvis, *Chairman*
David Arculus
Hilary Cropper
Sir Brian Jenkins
Sir Nigel Mobbs

The Board Remuneration Committee meets at least four times a year, to consider matters relating to executive remuneration including remuneration policy for executive Directors', employee benefits and long-term incentive schemes.

Board Nominations Committee

Sir Peter Middleton, *Chairman*
David Arculus
Hilary Cropper
Peter Jarvis
Sir Brian Jenkins
Sir Nigel Mobbs

The Board Nominations Committee is chaired by the Group Chairman, except when the Committee is considering the succession of the Group Chairman, in which case the Chairman of the Board Remuneration Committee, Peter Jarvis, also chairs the Board Nominations Committee. The Committee's other members are all non-executive Directors. The Committee considers and makes recommendations to the Board on all new Board appointments.

Board Risk Committee

Sir Peter Middleton, *Chairman*
Matthew Barrett
Sir Andrew Large
Sir Nigel Rudd

The Board Risk Committee meets at least twice a year to review and recommend to the Board policies and standards for the risk governance and risk management of the Group.

Barclays report on remuneration

Introduction

Barclays seeks to ensure that reward policies are aligned with the objective of maximising shareholder value. This extends to all employees throughout the business, as well as executive Directors.

Our reward vision and principles

Barclays is committed to using reward to reinforce a strong performance culture whereby excellence is expected at every level throughout the businesses. Our Group-wide vision reflects the commitment: "Barclays values excellence: employees can expect outstanding reward for outstanding performance".

Barclays reward vision is supported by the following principles:

- » align the interests of employees and shareholders to deliver value creation;
- » recognise excellent performance of Group, business and individual;
- » encourage the right behaviours to achieve excellent performance;
- » reward is to be commercially competitive;
- » managers are to be accountable for reward decisions; and
- » reward is to be transparent, well communicated and easily understood.

Changes in 2000

The Incentive Share Option Plan (ISOP) was introduced to replace the Executive Share Option Scheme (ESOS) and the Performance Share Plan (PSP). No more awards will be made under either of these plans. Details of how the ISOP operates are set out on page 67.

Shareholder approval for the ISOP was obtained at the annual general meeting on 26th April 2000 when shareholder approval was also obtained to:

- » establish a new All-Employee Share Ownership Plan (AESOP);
- » renew the SAYE Share Option Scheme (SAYE); and
- » introduce the Equity Ownership Plan for Barclays Global Investors.

Changes in 2001

Building upon the reward vision and principles outlined above, it is intended that all employees should understand better what they need to do to achieve excellence and how this links to reward.

The 2001 performance bonus for the executive Directors will be explicitly linked to Group Economic Profit (EP) performance during 2001 in addition to their individual performance measured against a set of personal objectives.

The potential bonus for 2001 for superior individual performance combined with on-target EP results could trigger bonuses of 60% and 50% respectively of base salary for the Group Chief Executive and other executive Directors. Consistent with our commitment to performance based reward, bonuses could be zero if individual and/or Group performance were poor. Where an individual achieves outstanding performance and the Group exceeds its EP targets, this will be reflected in the level of bonuses. For 2001, the maximum bonus will be 150% of base salary for the Group Chief Executive and 125% for other executive Directors.

We have completed a comprehensive review of the framework for the AESOP in the context of our reward vision and principles and intend to introduce the partnership shares element of the AESOP this year. The AESOP will enable employees to invest in Barclays PLC ordinary shares.

The reward package

The reward package for the executive Directors and other senior executives comprises:

- » base salary;
- » annual bonus and the Executive Share Award Scheme (ESAS);
- » the ISOP; and
- » pension arrangements.

Base salary

Base salary is payable monthly in cash, recognising an individual's market worth. The policy is to review base salaries to ensure they are competitive relative to the practices of comparable organisations. Salaries for individual executive Directors are usually reviewed each year by the Board Remuneration Committee, recognising the individual's performance and experience, as well as market practice.

Annual bonuses and ESAS

Individuals are awarded annual bonuses which drive the achievement of performance goals and reward individual and business performance. Annual awards normally comprise two components. Up to 75% of any award is paid as cash and the balance as an award of shares under ESAS see page 70 for details.

ISOP

The structure of the ISOP has been designed to provide more leverage for exceptional performance creating higher shareholder value. Under the ISOP, executives can exercise options granted over Barclays PLC ordinary shares at the market price at the time of grant, dependent on Barclays performance against set performance targets.

- » For most participants, the performance target is based on the growth in Economic Profit (EP). For the ISOP, EP is a measure based on profit after tax, adjusted for risk tendency and minority interests less a charge for the cost of average shareholders' funds. It is designed to encourage both profitable growth and capital efficiency.
- » For the most senior participants, awards above a threshold will also be subject to an additional and tougher performance measure based on Total Shareholder Return (TSR) measured against the TSR of a financial services peer group. This comparator group comprises 11 UK and internationally based financial institutions, which have been chosen to reflect business and geographic mix.

The Board Remuneration Committee sets a target award for each participant in line with market practice for comparable positions and reflecting individual performance. Options must normally be held for three years before they can be exercised and lapse ten years after grant, if not exercised.

To ensure that growth is achieved on a sustained basis, no options will become exercisable if cumulative EP is lower than that of the previous three year period, including those options subject to the TSR performance target.

Options subject to the EP performance measure, where the cumulative EP is below the target range at the end of the three year performance period, will become exercisable over half of the target award shares. Where the cumulative EP is above the target range, the options will become exercisable over double the number of target award shares.

A relative ranking of sixth place or higher will result in those options subject to the TSR measure becoming exercisable at the third anniversary after grant. If the Company is ranked fourth, fifth or sixth in the comparator group, the options will become exercisable over the target award shares. If the Company is ranked third, second or first in the comparator group then the options will become exercisable over double, triple or quadruple the target award shares, respectively. However, if the Company is ranked below sixth after three years, there will be a retest on the fourth anniversary, over the full four year period. If the Company is not ranked sixth or higher after four years the options will lapse.

In setting the performance targets, the Board Remuneration Committee has sought to encourage excellent business performance. For the options to be fully exercisable Barclays would have to be a leading business in its sector.

See page 71 for details of executive Directors' awards made in 2000.

Pension arrangements

Executive Directors' pension benefits, normally payable from age 60, are either a pension calculated by reference to their pensionable salary and length of service or a money purchase arrangement. See page 69 for details.

Service contracts

The Group currently has service contracts with its Chairman, executive Directors and senior executives. The service contracts for Sir Peter Middleton, Mr Lendrum, Mr Stewart and Mr Varley, and other senior executives in the Group, provide for a notice period from the Group of one year, and normally for retirement at age 60. The unexpired term of the service contracts for Sir Peter Middleton, Mr Lendrum and Mr Stewart, who will each be seeking re-election at the annual general meeting in 2001, is 12 months. Peter Jarvis, Sir Brian Jenkins and Stephen Russell who will also be seeking re-election at the annual general meeting in 2001 do not have service contracts. Mr Barrett, who was appointed Group Chief Executive on 1st October 1999, has a service contract which provides for a notice period from the Group of two years during the first two years of the contract. The provisions give the Group the option of terminating the contract by making a pre-determined compensation payment equivalent to twice annual basic salary, pension contribution and expatriate allowance but excluding any compensation in relation to bonus. After two years, both the notice period and the pre-determined compensation reduce to one year. If Mr Barrett's contract is terminated following a change of control of Barclays, pre-determined compensation is payable equivalent to twice annual basic salary, pension contribution, bonus and other benefits. These provisions were negotiated as part of the arrangements for Mr Barrett's appointment.

The Board Remuneration Committee has considered the extent to which executive Directors' service contracts should deal with payments in the event of termination of the contract. Overall, the Committee's approach when considering payments in the event of termination is to review all the relevant circumstances, including any commitments made in a Director's service contract and the length of the notice period, and make its decision based on the information then available.

Remuneration of non-executive Directors

Non-executive Directors do not have service contracts with the Group. Their fees are determined by the Board and reflect their individual responsibilities, including membership of Board committees. Non-executive Directors are not normally eligible for bonuses. Appointments are initially made for a term of five years and a maximum of ten years, subject to re-election at intervals of no more than three years by the shareholders at the annual general meeting.

Barclays encourages its non-executive Directors to build up a holding in the Company's shares. Fees include an amount of not less than £7,500 which, after tax, is used to buy shares in the Company for each non-executive Director with the exception of Sir Andrew Large. These shares, together with reinvested dividends, are retained on behalf of the non-executive Directors until they retire from the Board. They are included in the table of Directors' interests in ordinary shares of Barclays PLC on page 73.

2000 Annual Remuneration^(a)

	Salary & fees £000	Benefits (b) £000	Annual cash bonus £000	Profit share £000	2000 Total £000	1999 Total £000	ESAS (c)	
							2000 £000	1999 £000
Chairman								
Sir Peter Middleton (d)	539	9	–	8	556	1,759	–	–
Executive								
MW Barrett	850	246	638	8	1,742	1,346	276	276
CJ Lendrum	338	6	263	8	615	490	114	81
JM Stewart (e)	84	3	59	8	154	–	–	–
JS Varley	388	6	263	8	665	627	114	114
Non-executive (f)								
TDG Arculus	42	–	–	–	42	47	–	–
ME Baker (g)	46	–	–	–	46	51	–	–
HM Cropper	41	–	–	–	41	47	–	–
PJ Jarvis	49	–	–	–	49	54	–	–
Sir Brian Jenkins (h)	18	–	–	–	18	–	–	–
Sir Andrew Large	175	–	–	–	175	227	–	–
Sir Nigel Mobbs	61	–	–	–	61	64	–	–
Sir Nigel Rudd	45	–	–	–	45	50	–	–
SG Russell (h)	7	–	–	–	7	–	–	–
Former Director								
DP Allvey (i)	475	13	190	8	686	445	–	124

Notes

(a) Emoluments include amounts, if any, payable by subsidiary undertakings and by other companies where services are undertaken at the Group's request.

(b) The Chairman and executive Directors receive benefits in kind, which may include the use of a company owned vehicle, housing allowance, medical health insurance and beneficial loans, on similar terms to other senior executives.

(c) The amounts shown for ESAS 2000 represent payments which are expected to be made to the trustee of ESAS to fund the provisional allocation of shares in 2001, including a maximum potential 30% bonus share element. Refer to page 70 for further details about ESAS.

(d) Sir Peter Middleton receives pension payments through the Barclays Bank Retirement Plan. Details of the payments are not included since the amounts do not relate to his current duties.

(e) Mr Stewart's salary, benefits and bonus are the amounts paid in respect of his services since his appointment as a Director on 25th October 2000.

(f) Fees to non-executive Directors (with the exception of Sir Andrew Large) include an amount of not less than £7,500 which, after tax, is used to buy Barclays PLC ordinary shares for each non-executive Director. Further details of the scheme are outlined on page 67.

(g) Mary Baker retired from the Board on 31st December 2000.

(h) Sir Brian Jenkins and Mr Russell's fees are the amounts paid in respect of services since their appointment as non-executive Directors on 25th October 2000.

(i) The Group agreed with Mr Allvey that he would resign from the Board and from his position as Finance Director on 9th November 2000 and that his employment would be terminated as at 31st December 2000. Mr Allvey received compensation in accordance with the terms of his contract of employment of £1,615,000 in respect of salary, bonus and pension contributions, plus outplacement support to a maximum of £15,000.

Executive Directors' annual pension accrued assuming retirement at contractual date

	Age as at 31st December 2000	Years of service	At 31st December 1999 (b) £000	Increase for inflation	Pension accrued during 2000(c) £000	At 31st December 2000 £000	Other contributions made in 2000 £000
Executive							
MW Barrett (d)	56	1	–	–	–	–	425
CJ Lendrum (a)	53	31	156	2	31	189	–
JM Stewart (e)	51	23	216	–	10	226	–
JS Varley (a)	44	18	103	1	19	123	–
Former Directors							
DP Allvey (f)	55	1	–	–	–	–	142

Notes

(a) The Group's main pension scheme is a non-contributory scheme and provides that, in the case of death before retirement, a capital sum of up to four times salary is payable, together with a spouse's pension of approximately 50% of the member's prospective pension at retirement. For death in retirement, a spouse's pension of 50% of the member's pre-commutation pension is payable. If a member, granted a deferred pension, dies before their pension becomes payable, their widow/widower will immediately be paid a pension of 50% of their deferred pension. In all circumstances, children's allowances are payable, usually up to the age of 18. Enhanced benefits are payable if a member is unable to continue to work as a result of serious ill health. Mr Lendrum and Mr Varley are members of the main pension scheme and are entitled to enhanced benefits that will give them pensions of two-thirds of their pensionable salary at age 60.

(b) Or on appointment, if later.

(c) Pension accrued during the year represents the increase in accrued pension (excluding inflation at the prescribed rate) which occurred either during the entire year, or during that part of the year for which the executive was also a Director. All pensions are reviewed annually, with a guaranteed increase in line with retail price inflation, up to a maximum of 5%.

(d) Mr Barrett is not a member of the Group's main pension scheme. A notional fund was accrued on his behalf outside the pension scheme. In the event of Mr Barrett's death before retirement a capital sum of up to four times salary would be payable.

(e) Mr Stewart joined the Board on 25th October 2000. He is a member of the Woolwich Pension Fund and entitled to a pension of two-thirds of Pensionable salary at age 60 with minimum annual increases of 3% and no State Pension offset. Otherwise the Woolwich Pension Fund is similar to the Group's main pension scheme except that employees contribute at the rate of 3% of pensionable salary.

(f) Mr Allvey was not a member of the Group's main pension scheme. A notional fund was accrued on his behalf outside the pension scheme. In the event of Mr Allvey's death before retirement a capital sum of up to four times salary would have been payable.

Directors: shares provisionally allocated and shares under option under ESAS^(a)

	During 2000			Market price at release date (£)	Number at 31st December 2000	Awarded in 2001 in respect of the results for 2000 (c)
	Number at 1st January 2000	Awarded in respect of the results for 1999	Released (b)			
Chairman						
Sir Peter Middleton	13,676	–	(6,961)	15.55	6,715	–
Executive						
MW Barrett	–	18,127	–	–	18,127	12,327
CJ Lendrum	14,072	5,332	(3,362)	15.55	16,042	5,076
JM Stewart (d)	–	–	–	–	–	–
JS Varley	55,275	7,464	(7,249)	15.55	55,490	5,076
Former Directors						
DP Allvey (e)	–	8,104	–	–	8,104	–

Notes

(a) Awards under ESAS are granted in the form of provisional allocations over Barclays PLC ordinary shares which do not give rise to any entitlement to these shares. Normally, the trustees will permit the executive to call for the shares from the end of the third year from grant of an award by granting a right to acquire shares exercisable for two years. If the right is not exercised, the trustees may at the end of the fifth year release all of the shares, including bonus shares equal to 30% of the basic award. If the right is exercised, an executive may lose the opportunity of receiving one-third of the bonus shares. The number of shares shown in the table includes the bonus shares.

(b) The trustees may release additional shares to participants which represent accumulated net dividends in respect of shares under award. During 2000, the trustees released the following accumulated dividend shares: 1,231 shares to Sir Peter Middleton and 494 shares to Mr Lendrum. These are not awarded as part of the original award and consequently are not included in the figures in the Released column.

(c) The awards in respect of 2000 were made in February 2001. The shares awarded represent shares purchased by the trustees after 7th February 2001 at £22.41 in respect of a recommendation by the Company for an award, including a maximum potential 30% bonus shares, of £276,250 to Mr Barrett, £113,750 to Mr Lendrum and £113,750 to Mr Varley.

(d) No award was made under ESAS to Mr Stewart whose bonus for 2000 will be paid fully in cash, consistent with the practice in Woolwich plc.

(e) Under the terms agreed with Mr Allvey in respect of the termination of his employment with the Group, the Group will make a recommendation to the trustees that the trustees release to Mr Allvey the provisional allocation of shares under his award including dividend shares (but excluding all bonus shares and their related dividend shares) in line with the normal vesting timetables.

Executive Directors: shares under option under ISOP^(a) (b) (c)

	Granted				Exercise price per share £	Date from which exercisable	Expiry date
	Number as at 1st January 2000	Number of Target Award Shares	Maximum number which may become exercisable	Number as at 31st December 2000 (d)			
MW Barrett							
EP	–	10,000	20,000	20,000	15.63	18/05/03	17/05/10
TSR	–	54,000	216,000	216,000	15.63	18/05/03	17/05/10
CJ Lendrum							
EP	–	10,000	20,000	20,000	15.63	18/05/03	17/05/10
TSR	–	17,000	68,000	68,000	15.63	18/05/03	17/05/10
JM Stewart (d)							
EP	–	–	–	–	–	–	–
TSR	–	–	–	–	–	–	–
JS Varley							
EP	–	10,000	20,000	20,000	15.63	18/05/03	17/05/10
TSR	–	20,000	80,000	80,000	15.63	18/05/03	17/05/10
Former Director							
DP Allvey (e)							
EP	–	10,000	20,000	20,000	15.63	18/05/03	17/05/04
TSR	–	19,000	76,000	76,000	15.63	18/05/03	17/05/04

Notes

(a) The Register of Directors' Interests which shows full details of Directors' current share awards and options, is available for inspection at the Group's head office in London.

(b) For details of the performance targets which must be satisfied for options to become exercisable and the extent to which options will become exercisable see page 67.

(c) No options either lapsed or were exercised during the year. As there were no options exercised during the year, the table does not show the average weighted price.

(d) Mr Stewart joined the Board on 25th October 2000. He did not participate in ISOP during 2000.

(e) Mr Allvey resigned from the Board on 9th November 2000.

SAYE

SAYE is open to all eligible UK employees who may save up to £250 per month to purchase Barclays shares at a discount. For the 2000 grant, the discount was 20% of the market value at the time the option was granted.

Executive Directors: shares under option under SAYE^(a)

	Number at 1st January 2000	Granted	Exercised	Number at 31st December 2000	Exercise price per share £	Date from which exercisable	Expiry date
MW Barrett	–	766	–	766	12.64	01/11/03	30/04/04
CJ Lendrum	978	–	–	978	7.97	01/11/03	30/04/04
JM Stewart (b)	–	1,397	–	1,397	12.34	01/07/03	31/12/03
JS Varley	2,164	–	–	2,164	7.97	01/11/01	30/04/02

Notes

(a) The Register of Directors' Interests which shows full details of Directors' current share awards and options is available for inspection at the Group's head office in London.

(b) Under the Woolwich Sharesave Scheme (The Woolwich Sharesave), Mr Stewart held an option over Woolwich plc shares. This was rolled over into a new option over Barclays shares under the terms of The Woolwich Sharesave in accordance with proposals offered to all Woolwich employees participating in The Woolwich Sharesave following the acquisition of Woolwich plc.

Closed Group incentive schemes

In addition, executive Directors and Andrew Large continue to have interests under PSP, ESOS and the Woolwich plc 1998 Executive Share Option Plan (The Woolwich ESOP) (as indicated in the table below). No further awards will be made under these schemes. Under PSP, executives were awarded a right to acquire shares, the number of which is determined by the Company's relative TSR performance against a FT-SE 100 index comparator group of companies. Under ESOS, market value options granted to executives are exercisable only if the growth in earnings per share of the Company over a three year period is, at least, equal to the percentage increase in the UK Retail Prices Index plus 6%, over the same period. The performance targets for the 1997 and 1998 ESOS grants have been met.

Directors: shares under option or awarded under closed Group incentive schemes^(a)

	Number at 1st January 2000	During the year			Number at 31st December 2000	Exercise price per share £	Weighted average exercise price £	Date from which exercisable	Latest expiry date
		Granted	Exercised	Lapsed					
MW Barrett (b)									
ESOS	191,657	-	-	-	191,657	17.74	-	04/10/02	03/10/09
PSP	47,914	-	-	-	47,914	N/A	-	04/10/02	03/10/09
CJ Lendrum									
ESOS	15,000	-	-	-	15,000	5.50	-	30/08/98	29/08/05
PSP (c)	32,757	-	(6,444)	(1,442)	24,871	N/A	17.17	12/08/01	05/09/09
JM Stewart (d)									
	-	17,355	-	-	17,355	15.42	-	28/04/01	28/04/08
	-	17,529	-	-	17,529	16.90	-	25/03/02	24/03/09
	-	64,203	-	-	64,203	15.38	-	14/12/02	13/12/09
	-	34,926	-	-	34,926	13.17	-	17/02/03	16/02/10
JS Varley									
PSP (c)	45,132	-	(18,819)	(1,442)	24,871	N/A	17.89	12/08/01	05/09/09
Sir Andrew Large									
PSP (e)	11,201	-	-	-	11,201	N/A	-	12/08/01	11/08/08
Former Directors									
DP Allvey (f)									
ESOS	13,328	-	-	-	13,328	17.82	-	06/09/02	06/03/03
PSP	26,566	-	-	-	26,566	N/A	-	06/09/02	06/09/03

Notes

(a) The register of Directors' Interests which shows full details of Directors' current share awards and options, is available for inspection at the Group's head office in London.

(b) The independent trustee of the Barclays Group (PSP and ESOS) employees' benefit trust granted Mr Barrett a share award in 1999 comprising (i) an option on similar terms to options granted under ESOS and (ii) an award on similar terms to awards granted under PSP. For convenience these are described as granted under ESOS and PSP in the above table.

(c) In accordance with the rules of PSP, a proportion of Mr Lendrum's and Mr Varley's 1997 awards lapsed as the performance conditions were not fully satisfied. Under PSP, a participant pays £1 to exercise an award, irrespective of the number of shares involved.

(d) Under The Woolwich ESOP, Mr Stewart held an option over Woolwich plc shares. This was rolled over into a new option over Barclays PLC shares under the terms of The Woolwich ESOP in accordance with proposals offered to all Woolwich employees participating in The Woolwich ESOP following the acquisition of Woolwich plc.

(e) The award to Sir Andrew Large was made in 1998 while he was an executive Director.

(f) Under the terms agreed with Mr Allvey in respect of the termination of his employment with the Group, the Group will make a recommendation to the trustees that Mr Allvey be allowed to exercise his PSP award (on a pro rata basis by reference to his length of service from commencement of the performance period to the date his employment terminated) subject to the satisfaction of the TSR performance criteria. If the recommendation is accepted the maximum number of shares in respect of which the trustees may permit the award to be exercised would be 13,331.

Directors: interests in ordinary shares of Barclays PLC^(a)

	At 1st January 2000 (b)		31st December 2000	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Chairman				
Sir Peter Middleton	34,995	17,000	34,533	22,900
Executive				
MW Barrett	25,000	–	25,000	–
CJ Lendrum	35,905	–	36,247	–
JM Stewart (c)	270	–	642	–
JS Varley	20,464	–	33,863	–
Non-executive				
TDG Arculus	1,962	–	2,249	–
ME Baker (d)	3,354	–	3,654	–
HM Cropper	1,346	–	1,792	–
PJ Jarvis	2,686	–	3,790	–
Sir Brian Jenkins	74	–	500	26,300
Sir Andrew Large	799	–	799	7,500
Sir Nigel Mobbs	10,615	5,000	10,914	5,000
Sir Nigel Rudd	1,224	–	1,511	–
SG Russell	689	–	1,109	–

Notes

(a) Beneficial interests in the table above represent shares held by Directors, either directly or through a nominee, their spouse and children under 18. They include any interests held through the 1991 UK Profit Sharing Schemes (PSS), but do not include any awards under ESAS, ISOP, PSP, ESOP, SAYE schemes or under The Woolwich Sharesave or the Woolwich plc 2000 Sharesave Scheme (together The Woolwich SAYE), or The Woolwich ESOP. At 31st December 2000 Sir Peter Middleton, Sir Andrew Large and the executive Directors, together with other senior executives, were potential beneficiaries in respect of a total of 7,724,782 Barclays PLC ordinary shares (1st January 2000 9,055,824) held by the trustees of the Barclays Group Employees' Benefit Trusts. At 7th February 2001 a total of 7,724,689 shares were held by the trustees.

(b) Or date appointed to the Board, if later.

(c) At 31st December 2000 Mr Stewart, together with other senior executives from The Woolwich, was a potential beneficiary in respect of a total of 474,306 Barclays PLC ordinary shares held by the trustee of the Woolwich Qualifying Employee Share Ownership Trust. At 7th February 2001 a total of 470,799 shares were held by the trustee.

(d) Mary Baker retired from the Board on 31st December 2000.

There were no changes in any of the Directors' interests in shares shown above between 31st December 2000 and 7th February 2001.

Relations with Shareholders

Meetings with Barclays principal institutional investors are held on a regular basis and the agenda and format of the annual general meeting provide a forum for questions from private shareholders.

The annual general meeting in 2001 is an opportunity for shareholders to ask questions of the Board, including the chairmen of the Board Audit, Board Remuneration and Board Nominations Committees. Voting at Barclays annual general meetings is conducted by poll so that the votes of those shareholders who cannot attend are taken into account.

Accountability and Audit

Going concern

The Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the accounts.

Internal control

The Directors have responsibility for maintaining an effective system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Throughout the year ended 31st December 2000 and to date the Group has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance 'Internal Control: Guidance for Directors on the Combined Code' issued by the Institute of Chartered Accountants in England and Wales. The Board regularly reviews these processes through the Board committees.

The Directors review the effectiveness of the system of internal control annually. An internal control compliance certification process is conducted throughout the Group in support of this review. Quarterly risk reports are made to the Board covering all risks of Group significance including credit risk, market risk, operational risk, and legal and compliance risk. In between the full reports the Board receives a monthly update on any risk matters that need to be brought to the Board's attention. Regular reports are made to the Board Audit Committee by management, Group Internal Audit, PricewaterhouseCoopers and the compliance and legal functions covering particularly financial controls, compliance and operational controls. Separate audit committees are also established in Retail Financial Services, Corporate Banking, Barclays Capital, Barclays Global Investors and in North America and Asia Pacific. Reports covering risk measurement standards and risk appetite are made to the Board Risk Committee.

Reports to the Board and Board committees are underpinned by the executive risk infrastructure. This is overseen by the Group Risk Management Committee and Group Operating Committee. Day to day responsibility is vested in the Director Group Risk (for credit, market and operational risk) and in the Group General Counsel (for legal risk). Under this structure quantifiable risks are reported and controlled at varying levels in the risk and executive hierarchy appropriate to their magnitude. The key document for the Group's internal control processes is the Group Governance Manual which describes the Group's governance and control framework and details Group policies and processes. The Manual is reviewed and approved on behalf of the Board by the Board Risk Committee. Further details of risk management procedures are given in the Financial review on pages 36 to 57.

The system of internal financial and operational controls is also subject to regulatory supervision in the UK and overseas, as explained under Supervision and regulation on pages 58 and 59.

Statement of Directors' responsibilities for accounts

The following statement, which should be read in conjunction with the Auditors' report set out on page 75, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that, in preparing the accounts on pages 76 to 134 and 156 to 165, and the additional information contained on pages 68 to 73, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board
Sir Peter Middleton
7th February 2001

Independent Auditors' reports

UK audit report to the members of Barclays PLC

We have audited the accounts on pages 76 to 134 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 76 to 78 and the additional information contained on pages 68 to 73.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual report and accounts. As described on page 74, this includes responsibility for preparing the accounts in accordance with applicable UK accounting standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, UK Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the UK Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Company or Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on page 65 reflects the Company's and Group's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

The maintenance and integrity of the Barclays PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material

misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st December 2000 and of the profit of the Company and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the UK Companies Act 1985.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London, England, 7th February 2001

US audit report to the Boards of Directors and shareholders of Barclays PLC and Barclays Bank PLC

We have audited the consolidated financial statements of Barclays PLC and its subsidiary undertakings on pages 76 to 151 and Barclays Bank PLC and its subsidiary undertakings on pages 76 to 151 and 156 to 165 inclusive. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall accounts presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of Barclays PLC and its subsidiary undertakings and Barclays Bank PLC and its subsidiary undertakings at 31st December 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended 31st December 2000, in conformity with accounting principles generally accepted in the UK.

Accounting principles generally accepted in the UK vary in certain significant respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income for each of the three years in the period ended 31st December 2000 and the determination of the consolidated shareholders' equity at 31st December 2000 and 1999 to the extent summarised in note 61 and note h to the consolidated financial statements.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London, England, 7th February 2001.

Accounting policies

Summary of significant accounting policies

a Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain properties and investments. They are prepared in accordance with applicable accounting standards of the Accounting Standards Board (ASB) and pronouncements of its Urgent Issues Task Force (UITF) and with the Statements of Recommended Accounting Practice (SORPs) issued by the British Bankers' Association. Changes to the accounting policies described in the 1999 Annual report are set out on page 78.

b Consolidation and format

The consolidated accounts have been prepared in compliance with Sections 230, 255, 255A and 255B of, and Schedule 9 to, the Companies Act 1985 (the Act). The profit and loss account and balance sheet of Barclays PLC have been prepared in compliance with Section 226 of, and Schedule 4 to, the Act.

The consolidated accounts include the accounts of Barclays PLC and its subsidiary undertakings made up to 31st December. Details of the principal subsidiary undertakings are given in note 44. As the consolidated accounts include partnerships where a Group member is a partner, advantage has been taken of the exemption given by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

c Goodwill

Goodwill may arise on the acquisition of subsidiary and associated undertakings and joint ventures. It represents the excess of cost over fair value of the Group's share of net tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 10, such goodwill is capitalised as an intangible asset and amortised against profit over its expected life, normally 20 years. Prior to FRS 10 Group accounting policy had been to write off goodwill directly to reserves. The transitional arrangements of FRS 10 allow this goodwill to remain eliminated. In the event of a subsequent disposal, any goodwill previously charged directly against reserves prior to FRS 10 will be written back and reflected in the profit or loss on disposal.

d Interests in associated undertakings and joint ventures

An associated undertaking is generally one in which the Group's interest is more than 20% and no more than 50% and where the Group exercises a significant influence over the entity's operating and financial policies. A joint venture is one where the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other venturer. Consolidated profit includes income from interests in associated undertakings and joint ventures based on accounts made up to dates not earlier than 3 months before the balance sheet date. Interests in associated undertakings and joint ventures are included in the consolidated balance sheet at the Group's share of the book value of the net tangible assets of the undertakings concerned.

e Shareholders' interest in the long-term assurance fund

A value is placed on the shareholders' interest in the in-force policies of the Group's long-term assurance business. This value is a prudent estimate, based on the advice of a qualified actuary, of the net present value of the profits inherent in such policies. Changes in the value are included in the profit and loss account, grossed up at the underlying rate of taxation.

f Bad and doubtful debts

Specific provisions are made against advances when, in the opinion of the Directors, credit risks or economic or political factors make recovery doubtful. In addition, general provisions are raised, based on an evaluation of the portfolios of advances and other exposures, in respect of losses which, although not specifically identified, are known from experience to be present in any such portfolio. The aggregate provisions which are made during the year (less amounts released and recoveries of bad debts previously written off) are charged against operating profit. If the collection of interest is considered to be doubtful, it is suspended and excluded from interest income in the profit and loss account. Bad debts are written off in part, or in whole, when a loss has been confirmed.

g Debt securities and equity shares

Debt securities and equity shares are stated at market value, apart from investment debt securities and equity shares, which are stated at cost less any provision for impairment. Investment securities are intended for use on a continuing basis by the Group and have been identified as such. The cost of dated investment securities is adjusted for the amortisation of premiums or discounts on purchase over periods to redemption.

h Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis at the following annual rates:

Freehold buildings and long-leasehold property (more than 50 years to run)	2%
Leasehold property (less than 50 years to run)	over the remaining life of the lease
Costs of adaptation of freehold and leasehold property*	10%
Equipment installed in freehold and leasehold property*	10%
Computers and similar equipment	20%-33%
Fixtures and fittings and other equipment	20%

* Where a leasehold has a remaining useful life of less than 10 years, costs of adaptation and installed equipment are depreciated over the remaining life of the lease.

i Derivatives

Derivatives used for asset and liability management purposes

Derivatives are used to hedge interest and exchange rate exposures related to non-trading positions. Instruments used for hedging purposes include interest rate swaps, options, futures and currency swaps.

The criteria required for a derivative instrument to be classified as a designated hedge are that:

(i) the transaction must be reasonably expected to match or eliminate a significant proportion of the risk inherent in the assets, liabilities, other positions or cashflows being hedged and which results from potential movements in interest rates, exchange rates and market values; and

(ii) adequate evidence of the intention to hedge and linkage with the underlying risk inherent in the assets, liabilities, other positions or cashflows being hedged, must be established at the outset of the transaction.

Profits and losses on interest rate swaps and options entered into for specifically designated hedging purposes against assets, liabilities, other positions and cashflows measured on an accrual accounting basis are included in the related category of income and expense (in accordance with the accounting treatment of the underlying transaction) as part of the yield on the hedged transaction. Amounts paid or received over the life of futures contracts are deferred until the contract is closed; accumulated deferred amounts on futures contracts and amounts paid or received at settlement of forward contracts are accounted for as elements of the carrying value of the associated instrument, affecting the resulting yield. Foreign exchange contracts which qualify as hedges of foreign currency exposures, including positions relating to investments the Group makes in its business outside the UK, are revalued at the spot rate with any forward premium or discount recognised over the life of the contract in net interest income. Profits and losses on foreign exchange contracts which qualify as a hedge of a firm commitment are deferred and recognised as part of the measurement of the related transaction.

Profits and losses related to qualifying hedges of firm commitments and probable anticipated transactions are deferred and recognised in income or as adjustments to carrying amounts when the hedged transactions occur.

Hedging transactions which are superseded, cease to be effective or are terminated prior to the end of the life of the asset, liability position or cashflow being hedged are measured at fair value. Any profit or loss arising is deferred and amortised into interest income or expense over the remaining life of the item previously being hedged.

When the underlying asset, liability position or cashflow is terminated prior to the hedging transaction, or an anticipated transaction is no longer likely to occur, the hedging transaction is measured on a fair value accounting basis prior to being transferred to the trading portfolio. The profit or loss arising from the fair value measurement prior to the transfer to the trading portfolio is included in the category of income or expense relating to the previously hedged transaction.

Derivatives used for trading purposes

Derivative instruments which do not meet the criteria to be designated as a hedge are deemed to be trading transactions. Derivatives entered into for trading purposes include swaps, forward rate agreements, futures, options and combinations of these instruments.

Derivatives entered into as trading transactions, together with any associated hedging thereof, are measured at fair value, including an allowance for credit risk, and the resultant profits and losses are included in dealing profits, along with interest and dividends arising from long and short positions and funding costs relating to trading activities. Assets and liabilities resulting from gains or losses on derivative and foreign exchange contracts are reported gross in other assets or liabilities, reduced by the effects of qualifying netting agreements with counterparties. The Group establishes provisions for credit risk to the extent that the credit risk is not embedded in the fair value measurement prior to impairment. Associated costs of dealing are recognised when incurred. Where the market price may not be achievable, as a result of significant positions held or operating in illiquid markets, appropriate adjustments to the market value are made.

Collateral and netting

The Group enters into master agreements with counterparties whenever possible and, when appropriate, obtains collateral. Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis.

Transactions with positive fair values are netted against transactions with negative fair values where the Group has the ability to insist on net settlement which is assured beyond doubt, based on a legal right that would survive the insolvency of the counterparty.

The Group holds collateral in respect of credit related instruments where this is considered desirable, given the customer's financial position and the overall banking relationship. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities.

j Credit related instruments

The Group treats credit related instruments (other than credit derivatives) as contingent liabilities and these are not shown on the balance sheet unless and until the Group is called upon to make a payment under the instrument. Assets arising from payments to a third party where the Group is awaiting reimbursement from the customer are shown on the balance sheet, together with any necessary provision. Fees received for providing these instruments are taken to profit over the life of the instrument and reflected in fees and commissions receivable.

k Pensions and other post-retirement benefits

The Group's main pension scheme covers over 70% of the Group's employees and comprises a funded defined benefit scheme and a money purchase scheme for new joiners since July 1997. Staff do not make contributions for basic pensions. The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of a qualified actuary, using the projected unit method. Variations from the regular cost are allocated over the expected average service lives of current employees.

The Group also provides post-retirement health care to certain staff and pensioners, the cost of which has been accrued on a similar basis.

l Finance lease receivables

Finance lease receivables are included in loans and advances to customers at the cost of the equipment less amounts charged against rentals to date. Net leasing income under finance leases is taken to profit using an actuarial method which gives a constant periodic return on the net cash investment.

m Deferred tax

Deferred tax is provided using the liability method on timing differences between the accounting and tax treatment of income and expense where it is considered probable that a liability to tax will crystallise.

n Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are expressed in sterling at average rates of exchange for the year. Profits arising in areas experiencing hyper-inflation are adjusted to recognise its effect on the worth of the working capital employed.

Translation differences arising from the application of closing rates of exchange to the opening net assets held overseas and to related foreign currency borrowings are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in operating profit.

o Loan fees

Fee income relating to loans and advances is recognised in the profit and loss account to match the cost of providing a continuing service, together with a reasonable profit margin, except where the fee is charged in lieu of interest when it is recognised on a level yield basis over the life of the advance.

p Mortgage incentives

The costs of mortgage incentives, which comprise cashbacks and interest discounts, are charged to the profit and loss account as incurred.

q Introducer fees

Fees paid to third parties for the introduction of loans and advances to customers are capitalised and amortised over the estimated average life of the loan.

r Non-credit risk provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

Changes in accounting policy

Changes to the Group's accounting policies have occurred following the adoption in 2000 of Financial Reporting Standard 15 'Tangible Fixed Assets' (FRS 15) and Financial Reporting Standard 16 'Current Tax' (FRS 16).

The Group has applied the transitional rules available under FRS 15. The revalued book amounts of fixed assets will be retained without subsequent revaluation subject to the requirement to test for impairment. This change has had no impact on reporting profit or shareholders' funds.

In accordance with FRS 16, incoming dividends, interest and other income now exclude taxes, such as attributable tax credits, not payable wholly on behalf of the Group. This change in policy has resulted in a reduction in restated profit before tax for 1999 of £5m with a commensurate reduction in the tax charge. Shareholders' funds are unchanged by this change in policy.

There have been no other significant changes to the accounting policies as described in the 1999 Annual report.

Future UK accounting developments

In November and December 2000 the ASB issued FRS 17 'Retirement Benefits', FRS 18 'Accounting Policies' and FRS 19 'Deferred Tax'. FRS 18 will be effective for the year ended 31st December 2001 and its implementation is not expected to have a material impact on the Group. FRS 19 will be effective for the year ended 31st December 2002 and requires deferred tax to be recognised on most types of timing differences. Implementing the standard will require a change in accounting policy since the Group currently provides deferred tax on timing differences where it is considered probable that a liability will crystallise. FRS 17 will be fully effective for the year ended 31st December 2003 when a change in accounting policy will be necessary to recognise on the Group's balance sheet an asset or liability with respect to the surplus or deficit on the defined benefit schemes and to recognise immediately actuarial gains and losses in the statement of total recognised gains and losses. However, there are transitional requirements which will require additional disclosures in the financial statements for the years ended 31st December 2001 and 2002.

US GAAP

Significant differences exist between accounting principles generally accepted in the UK and those generally accepted in the United States, and the approximate effect on attributable profit and shareholders' funds of Barclays PLC is set out in note 61.

Accounting presentation

Changes in accounting presentation

The Group's share of the results of joint ventures and associated undertakings are shown separately below operating profit having previously been included in Other operating income. For the purposes of Business Group analysis the share of the results is still included in Operating profit.

There have been no other changes in accounting presentation from that reflected in the 1999 Annual report.

Nature of business

Barclays is a UK-based financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, Barclays is one of the largest financial services groups in the UK. The Group also operates in many other countries around the world and is a principal provider of co-ordinated global services to multinational corporations and financial institutions in the world's main financial centres.

Analyses by geographical segments and classes of business

The analyses by geographical segment are generally based on the location of the office recording the transaction.

In note 60, the global swaps business is included within the UK segment. Foreign UK-based comprises activities in the UK with overseas customers, including sovereign lendings, and the main foreign exchange trading business arising in the UK. Of the £22.0bn of assets reported under this heading in 2000, it is estimated that £7.9bn relates to customers domiciled in Other European Union countries and £5.0bn relates to customers domiciled in the United States.

UK includes business transacted through the Channel Islands and Isle of Man. United States includes business conducted through the Bahamas and the Cayman Islands.

The world-wide activities of Barclays are highly integrated and, accordingly, it is not possible to present geographical segment information without making internal allocations, some of which are necessarily subjective. Where appropriate, amounts for each geographical segment and class of business reflect the benefit of earnings on a proportion of shareholders' funds, allocated generally by reference to weighted risk assets.

Note 60 to the accounts also presents an analysis of the results by classes of business based on the business groupings described on pages 6 to 11.

Total assets and total revenues are stated after elimination of intra-group assets and revenues. Intra-group transactions are undertaken on normal commercial terms.

In 2000, only the UK accounted for more than 10% of the total profit before tax or total gross income and at 31st December 2000 only the UK and the United States accounted for more than 10% of the total assets. In 1999, only the UK accounted for more than 10% of the total profit before tax or total gross income and at 31st December 1999 only the UK and the United States accounted for more than 10% of the total assets. In 1998, only the UK and other EU accounted for more than 10% of the total profit before tax or total gross income and at 31st December 1998 only the UK and the United States accounted for more than 10% of the total assets.

Acquisition

The acquisition of The Woolwich was completed on 25th October 2000.

Disposals

The Group made the following significant disposals of interests in subsidiary and associated undertakings or business operations in 2000:

Dial Group	June 2000
Barclays Property Investment	October 2000
Malaysian International	
Merchant Bankers Berhad	December 2000

The effect of these disposals on the profit for the year is reflected in note 10 to the accounts.

Consolidated profit and loss account For the year ended 31st December 2000

	Note	2000 £m	1999 £m	1998 £m
Interest receivable:				
Interest receivable and similar income arising from debt securities		2,339	1,397	1,419
Other interest receivable and similar income		9,449	7,923	8,493
		11,788	9,320	9,912
Interest payable		6,635	4,696	5,604
Profit on redemption/repurchase of loan capital	1	2	3	3
Net interest income		5,155	4,627	4,311
Fees and commissions receivable		3,689	3,207	3,008
Less: fees and commissions payable		(320)	(275)	(229)
Dealing profits	2	677	556	(42)
Other operating income	3	397	258	298
Operating income		9,598	8,373	7,346
Administrative expenses – staff costs	4	3,219	3,057	2,811
Administrative expenses – other	6	1,967	1,807	1,829
Depreciation and amortisation	7	306	280	275
Operating expenses		5,492	5,144	4,915
Operating profit before provisions		4,106	3,229	2,431
Provisions for bad and doubtful debts	18	817	621	492
Provisions for contingent liabilities and commitments	8	(1)	1	76
Provisions		816	622	568
Operating profit		3,290	2,607	1,863
Loss from joint ventures		(1)	(1)	–
(Loss)/income from associated undertakings		(7)	(13)	22
Loss on sale or restructuring of BZW	9	–	(30)	(3)
Profit/(loss) on disposal of other Group undertakings	10	214	(108)	4
Write-down of fixed asset investments		–	–	(4)
Profit on ordinary activities before tax		3,496	2,455	1,882
Tax on profit on ordinary activities	11	944	644	520
Profit on ordinary activities after tax		2,552	1,811	1,362
Minority interests – equity	12	(22)	(24)	(20)
Minority and other non-equity interests	12	(57)	(28)	(25)
Profit for the financial year attributable to the members of Barclays PLC (Net income)		2,473	1,759	1,317
Dividends	13	(927)	(746)	(646)
Profit retained for the financial year		1,546	1,013	671
Basic earnings per £1 ordinary share	14	163.3p	117.5p	87.2p
Diluted earnings per £1 ordinary share	14	161.7p	115.8p	85.9p

Operating income and operating profit for the year ended 31st December 2000 include £170m and £64m respectively relating to The Woolwich from the date of acquisition.

For each of the years reported above, there was no material difference between profit before tax and profit retained and historical cost profits.

The Board of Directors approved the accounts set out on pages 76 to 151 on 7th February 2001.

Statement of total recognised gains and losses For the year ended 31st December 2000

	2000 £m	1999 £m	1998 £m
Profit for the financial year attributable to the members of Barclays PLC	2,473	1,759	1,317
Exchange rate translation differences	15	(72)	31
Other items	8	25	–
Joint ventures and associated undertakings	6	(19)	31
Total recognised gains relating to the period	2,502	1,693	1,379
Prior period adjustment*	–	(81)	–
Total gains and losses recognised including prior period adjustment	2,502	1,612	1,379

* The prior period adjustment relates to the adoption of FRS 12 in 1999 which resulted in the net charge to shareholders' funds with respect to provisions made for vacant leasehold properties.

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Assets					
Cash and balances at central banks			1,243		1,166
Items in course of collection from other banks			2,509		2,492
Treasury bills and other eligible bills	15		5,564		7,176
Loans and advances to banks – banking		9,570		13,071	
– trading		26,856		26,555	
Loans and advances to customers – banking	16		36,426		39,626
– trading		138,423		95,006	
		23,687		21,562	
Debt securities	17		162,110		116,568
Equity shares	19		70,770		53,919
Interests in joint ventures – share of gross assets	20		4,062		5,604
– share of gross liabilities		180		121	
		(118)		(71)	
Interests in associated undertakings	21		62		50
Intangible fixed assets	21		60		56
Tangible fixed assets	22		4,269		183
Other assets	23		2,059		1,800
Prepayments and accrued income	25		15,518		15,910
	27		2,827		2,203
			307,479		246,753
Retail life-fund assets attributable to policyholders	26		8,711		8,040
Total assets			316,190		254,793

Sir Peter Middleton GCB Chairman

Matthew Barrett Group Chief Executive

John Varley Group Finance Director

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Liabilities					
Deposits by banks – banking – trading		32,445 17,311		26,915 17,571	
	28		49,756		44,486
Customer accounts – banking – trading		140,352 18,616		105,027 18,939	
	29		158,968		123,966
Debt securities in issue	30		31,883		23,329
Items in course of collection due to other banks			1,176		1,400
Other liabilities	31		38,184		35,119
Accruals and deferred income	32		4,457		3,290
Provisions for liabilities and charges – deferred tax	33		631		596
Provisions for liabilities and charges – other	34		635		651
Dividend	13		632		484
Subordinated liabilities:					
Undated loan capital – convertible to preference shares	35		335		309
Undated loan capital – non-convertible	35		2,337		1,440
Dated loan capital – non-convertible	36		3,698		2,848
			292,692		237,918
Minority and other interests and shareholders' funds					
Minority interests – equity		108		82	
Minority and other interests – non-equity		1,492		270	
Total minority and other interests	12		1,600		352
Called up share capital	37	1,662		1,495	
Share premium account		4,950		1,583	
Capital redemption reserve		227		207	
Other capital reserve		469		320	
Revaluation reserve		35		37	
Profit and loss account		5,844		4,841	
Shareholders' funds – equity	38		13,187		8,483
			14,787		8,835
			307,479		246,753
Retail life-fund liabilities to policyholders	26		8,711		8,040
Total liabilities and shareholders' funds			316,190		254,793
Memorandum items					
Contingent liabilities:	45				
Acceptances and endorsements			1,170		1,530
Guarantees and assets pledged as collateral security			15,180		12,044
Other contingent liabilities			6,503		5,360
			22,853		18,934
Commitments – standby facilities, credit lines and other			87,971		82,479

Consolidated statement of changes in reserves For the year ended 31st December 2000

	2000 £m	1999 £m	1998 £m
Share premium account			
At beginning of year	1,583	1,381	1,281
Premium arising on shares issued	3,367	202	100
At end of year	4,950	1,583	1,381
Capital redemption reserve			
At beginning of year	207	179	150
Repurchase of ordinary shares	20	28	29
At end of year	227	207	179
Other capital reserve			
At beginning of year	320	320	320
Repurchase of preference share	149	–	–
At end of year	469	320	320
Revaluation reserve			
At beginning of year	37	36	35
Exchange rate translation differences	(2)	(3)	1
Revaluation of interest in associated undertaking	–	5	–
Other items	–	(1)	–
At end of year	35	37	36
Profit and loss account			
At beginning of year	4,841	4,415	4,241
Profit retained	1,546	1,013	671
Exchange rate translation differences	19	(67)	31
Repurchase of ordinary shares	(291)	(476)	(472)
Transfer to capital redemption reserve	(20)	(28)	(29)
Goodwill written back on disposals	–	138	10
Shares issued to the QUEST in relation to SAYE	(114)	(154)	(67)
Transfer to other capital reserve	(149)	–	–
Other items	12	–	30
At end of year	5,844	4,841	4,415
Total reserves	11,525	6,988	6,331

The Group operates in a number of countries subject to regulations under which a local subsidiary undertaking has to maintain a minimum level of capital. The current policy of the Group is that local capital requirements are met, as far as possible, by the retention of profit. Certain countries operate exchange control regulations which limit the amount of dividends that can be remitted to non-resident shareholders. It is not possible to determine the amount of profit retained and other reserves that is restricted by these regulations, but the net profit retained of overseas subsidiaries, associated undertakings and joint ventures at 31st December 2000 totalled £953m (1999 £789m, 1998 £732m). If such overseas reserves were to be remitted, other tax liabilities, which have not been provided for in the accounts, might arise.

Goodwill amounting to £215m (1999 £215m, 1998 £353m) has been charged directly against reserves in prior years in respect of acquisitions. This amount is net of any goodwill attributable to subsidiary undertakings disposed of prior to the balance sheet date.

In 1998 the Group established a Qualifying Employee Share Ownership Trust (QUEST) for the purposes of delivering shares on the exercise of options under the SAYE. During 2000 the Group received from the trustees of the QUEST £183m (1999 £208m 1998 £98m) on the issue of shares in respect of the exercise of options awarded under SAYE. Of the amount received from the trustees, employees paid £69m (1999 £54m 1998 £31m) and the balance of £114m (1999 £154m, 1998 £67m) comprised contribution to the QUEST from the Group.

Accumulated exchange rate translation differences included in reserves are £481m debit (1999 £498m, 1998 £428m both debit).

Consolidated cash flow statement For the year ended 31st December 2000

	Note	2000		1999		1998	
		£m	£m	£m	£m	£m	£m
Net cash inflow/(outflow) from operating activities	50		8,486		8,923		(1,337)
Dividends received from associated undertakings			1		5		3
Returns on investments and servicing of finance:							
Interest paid on loan capital and other subordinated liabilities		(346)		(253)		(220)	
Preference dividends paid by subsidiary undertaking		(24)		(28)		(25)	
Payment to Reserve Capital Instrument holders		(24)		-		-	
Dividends paid to minority shareholders		(10)		(9)		(7)	
Net cash outflow from returns on investment and servicing of finance			(404)		(290)		(252)
Tax paid			(636)		(636)		(547)
Capital expenditure and financial investment:							
Capital expenditure		(365)		(224)		(305)	
Sale of property and equipment		112		58		107	
Purchase of investment securities		(14,490)		(13,094)		(10,866)	
Redemption of investment securities		5,666		2,476		3,874	
Sale of investment securities		4,115		2,894		9,523	
Net cash (outflow)/inflow from capital expenditure and financial investment			(4,962)		(7,890)		2,333
Acquisitions and disposals							
Acquisition of subsidiary undertakings	54	(2,421)		60		(70)	
Acquisition of associated undertakings and joint ventures		-		-		(43)	
Sale of associated undertakings		13		8		7	
Sale of other group undertakings	51	307		174		690	
Net cash (outflow)/inflow from acquisitions and disposals			(2,101)		242		584
Equity dividend paid			(779)		(676)		(591)
Net cash (outflow)/inflow before financing			(395)		(322)		193
Financing:	52						
Issue of Reserve Capital Instruments (net of expenses)		1,350		-		-	
Issue of loan capital and other subordinated liabilities (net of expenses)		861		859		962	
Redemption/repurchase of loan capital and other subordinated liabilities		(212)		(15)		(240)	
Repurchase of ordinary shares		(311)		(504)		(501)	
Issue of ordinary shares (net of contribution to the QUEST)		81		60		43	
Redemption of preference shares		(149)		-		-	
Net cash inflow from financing			1,620		400		264
Increase in cash	53		1,225		78		457

Parent company accounts

	2000 £m	1999 £m	1998 £m
Profit and loss account and changes in reserves for the year ended 31st December			
Interest income	4	2	2
Operating expenses:			
Management charge from subsidiary undertaking	(4)	(2)	(2)
Operating profit	–	–	–
Dividends from subsidiary undertaking	1,352	1,404	1,214
Profit on ordinary activities before tax	1,352	1,404	1,214
Tax on profit on ordinary activities	–	–	–
Profit on ordinary activities after tax	1,352	1,404	1,214
Dividends	(927)	(746)	(646)
Profit retained by Barclays PLC	425	658	568
Profit retained by subsidiary undertakings	1,133	372	88
(Loss)/profit retained by associated undertakings and joint ventures	(12)	(17)	15
Profit retained for the financial year	1,546	1,013	671
Premium arising on shares issued	3,367	202	100
Reduction in reserves arising from repurchase of shares	(291)	(476)	(472)
Shares issued to the QUEST in relation to share option schemes for staff	(114)	(154)	(67)
Other movements in investment in Barclays Bank PLC	29	72	72
Profit and loss account and other reserves brought forward	6,988	6,331	6,027
Profit and loss account and other reserves carried forward	11,525	6,988	6,331

	Note	2000 £m	1999 £m
Balance sheet as at 31st December			
Fixed assets			
Investment in Barclays Bank PLC	39	13,187	8,483
Current assets			
Amounts falling due within one year:			
Due from subsidiary undertaking		632	484
Current liabilities			
Amounts falling due within one year – dividend		(632)	(484)
Net current assets		–	–
Assets less current liabilities		13,187	8,483
Capital and reserves			
Called up share capital	37	1,662	1,495
Share premium account		4,950	1,583
Capital redemption reserve		227	207
Revaluation reserve		5,467	4,317
Profit and loss account		881	881
Shareholders' funds – equity	38	13,187	8,483

Sir Peter Middleton GCB Chairman

Matthew Barrett Group Chief Executive

John Varley Group Finance Director

1 Profit on redemption/repurchase of loan capital

In 2000, \$17m of undated loan capital was repurchased at a discount of £2m (1999 discount of £3m on \$30m of undated loan capital, 1998 discount of £3m on \$32m of undated loan capital).

2 Dealing profits

	2000 £m	1999 £m	1998 £m
Rates related business	536	397	134
Credit related business	141	159	(176)
	677	556	(42)

Dealing profits include the profits and losses arising both on the purchase and sale of trading instruments and from the revaluation to market value, together with the interest income earned from these instruments and the related funding cost.

Of the total dealing profit, £229m was earned on securities (1999 £252m profit, 1998 £256m loss).

Rates related business includes sales and trading relating to government bonds, money markets, foreign exchange, commodities and their related derivative instruments. Credit related business includes origination, sales and trading relating to loans, securitised assets, corporate bonds and their related derivative instruments, equity derivatives and private equity investment.

3 Other operating income

	2000 £m	1999 £m	1998 £m
Dividend income from equity shares	14	12	10
Profits on disposal of equity investment securities	45	41	41
Income from the long-term assurance business	171	44	109
Property rentals	22	27	44
Premium income on insurance underwriting	126	102	31
Other income	19	32	63
	397	258	298

4 Administrative expenses – staff costs

	2000 £m	1999 £m	1998 £m
Salaries and accrued incentive payments	2,559	2,387	2,211
Social security costs	178	190	173
Pension costs	(31)	38	37
Post-retirement health care	1	15	17
UK profit sharing	96	80	88
Other staff costs	416	347	285
	3,219	3,057	2,811

Staff costs reported above for 2000 include £171m (1999 £192m) of exceptional costs relating to staff reductions and relocations under the 1999 and 2000 restructuring plan (1998 £nil).

The following amounts relating to the regulated sales force and administration staff of Barclays Financial Management Limited, whose remuneration is reflected in the valuation of the long-term assurance fund, are not included in staff costs reported above:

	2000 £m	1999 £m	1998 £m
Salaries and accrued incentive payments	64	80	70
Social security costs	7	8	7
UK profit sharing	3	3	3
Other staff costs	27	26	36
	101	117	116

Average number of employees

The average number of persons employed by the Group worldwide during the year, excluding agency staff, was 72,300 (1999 77,000, 1998 80,200). All staff fall within a single structure. In addition, the average number of the regulated sales force and administration staff of Barclays Financial Management Limited, whose remuneration is reflected in the valuation of the long-term assurance fund, was 2,100 (1999 2,300, 1998 2,200).

5 Pensions, post-retirement benefits, profit sharing and other staff costs

Pensions

Barclays provides pension plans for employees in most parts of the world. The majority of UK staff are members of The Barclays Bank UK Retirement Fund (the UK Fund). Other UK staff are covered by broadly comparable schemes. The assets of the UK Fund are held separately from the assets of the Group and are administered by a trustee. The UK Fund comprises two sections:

The Retirement Investment Scheme (RIS)

A defined contribution plan for new joiners. Between 5.5% and 13.5% of pensionable pay is credited to members' retirement accounts; precise amounts are dependent upon each member's age and contribution decision. In addition the costs of ill-health retirements and death in service benefits are generally borne by the UK Fund.

The 1964 Pension Scheme

Most employees recruited before July 1997 are members of this non-contributory defined benefit scheme. Pensions are calculated by reference to service and pensionable salary and are normally subject to a deduction from State pension age.

Formal actuarial valuations of the UK Fund are carried out triennially by a professionally qualified independent actuary using the attained age method. The most recent valuation was conducted as at 30th September 1998 and expresses the assets and liabilities at market values (previous valuations showed actuarially assessed values). This change did not materially affect the financial balance of the UK Fund as reported in this note. The market value of the assets attributable to the 1964 Pension Scheme at the valuation date was £9,546m and the valuation revealed a surplus of assets over the 1964 Pension Scheme accrued liabilities of 13% after allowing for expected future salary increases. This surplus was estimated to be sufficient to allow the Bank to continue its contribution holiday for both sections at least until the next valuation due in 2001. Protected Rights contributions in respect of RIS members will be paid as required by the contracting-out regulations. The principal financial assumptions underlying the valuation made allowance for the taxation changes introduced in the July 1997 Budget and were:

Price inflation	3.0%	Earnings growth	4.5%*
Dividend growth	3.75%	Return on new investments	7.25%
Pension increases	3.0%		

* 4.0% for the first three years from the valuation date.

In calculating the surplus of assets over accrued liabilities, assets were taken at their market value and a discount rate of 6.5% p.a. was used to value the 1964 Pension Scheme accrued liabilities. This rate of 6.5% was derived by taking a weighted average of the market yields on the day, weighting by reference to the UK Fund's strategic allocation; for the equity component allowance was made for future dividend growth. In 1999 benefit improvements were granted which increased accrued liabilities on the valuation basis by approximately 1% and added marginally to future service costs. In 2000 the assets and liabilities of the Barclays Capital Pension Scheme (final salary section) were transferred to the Fund and the transferring members joined the 1964 Pension Scheme. In view of the continuing financial health of the UK Fund no adjustment has been made to the current contribution holiday, which commenced in January 1998. The contribution holiday is still expected to continue at least until the next valuation due as at 30th September 2001. The pensions charge in the accounts will be reduced over the remaining service lives of the members to take account of the surplus.

Without the benefit of the surplus, the 1964 Pension Scheme charge would be some 16.5% of pensionable salaries (on the projected unit method) assessed using the assumption regarding return on new investments, whilst contributions to the RIS would equal the contributions described above plus the costs of ill-health and death in service benefits.

	2000 £m	1999 £m	1998 £m
The Pensions costs vary from regular costs as follows (1964 & RIS Schemes):			
Regular costs	161	185	187
Variation from regular costs (including interest)	(226)	(183)	(186)
	(65)	2	1

Of the total regular cost in 2000 of £161m, £148m relates to the 1964 Pension Scheme.

5 Pensions, post-retirement benefits, profit sharing and other staff costs (continued)

The approach taken to calculating the pensions charge in the accounts for the 1964 Pension Scheme is to take assets and liabilities at actuarially assessed values rather than market values. The assumptions used to derive the 1964 Pension Scheme pensions charge differ from those shown above in that returns on new investments are assumed to be 8.25% p.a. which is also the rate used to value accrued liabilities, and dividend growth is assumed to be 5% p.a. (1999 4.5%). As a result of this, the assets attributable to the 1964 Pension Scheme have been valued at £8,544m for accounting purposes, producing a surplus of assets over accrued liabilities on this basis of 37%, after allowing for expected future salary increases and resulting in the variation from regular costs of £226m.

Total pension costs of the Group are summarised as follows:

	2000 £m	1999 £m	1998 £m
The Barclays Bank UK Retirement Fund	(65)	2	1
Other UK pension schemes	9	14	14
Overseas pension schemes	25	22	22
	(31)	38	37

For the purposes of assessing the pension charge for the Barclays Bank (1951) Pension Fund – a defined benefit scheme for overseas employees of the Bank similar in design to the 1964 Pension Scheme – the same approach and assumptions as described above for the 1964 Pension Scheme have been adopted and a credit of £9m is included in Other UK pension schemes.

Note 61 provides additional disclosures required by US Statement of Financial Accounting Standards No. 132.

Post-retirement benefits

Some 10,500 UK and US pensioners are provided with private health care on similar terms to eligible staff. In addition, 3,500 members of staff have satisfied the qualification criteria and may therefore also become eligible for this benefit on retirement. There are a further 5,200 Barclays Bank PLC pensioners who have retired since 30th June 1999 and other employees, who are eligible for post retirement private health care benefit which is being progressively withdrawn over the period to 30th June 2008.

Profit sharing scheme

Participants in the scheme are employees of the Bank, including executive Directors and employees of most of its UK subsidiary undertakings but excluding staff and Directors employed by Barclays Capital and Barclays Global Investors. The year 2000 will be the last year the scheme is operated. Participants can elect to take their entitlement either in cash after deduction of income tax, or in ordinary shares of Barclays PLC of the equivalent current market value up to a certain annual value (currently, £3,000 or 10% of salary, if greater, with a maximum of £8,000). If entitlements in the form of shares are held by the Trustee of the UK Profit Sharing Schemes for three years, the participant will be eligible for income tax relief in respect of their shares. Shareholders approved the introduction of the All-Employee Share Ownership Plan (AESOP) at the 2000 Annual General Meeting. In 2001, Barclays intends to introduce the partnership shares element of the AESOP.

Other staff costs

Other staff costs comprise medical healthcare costs, social welfare taxes, staff transfer costs, redundancy payments and other sundry employee costs.

6 Administrative expenses – other

	2000 £m	1999 £m	1998 £m
Property and equipment expenses			
Hire of equipment	20	21	28
Property rentals	157	218	195
Other property and equipment expenses	641	613	635
Other administrative expenses	1,149	955	971
	1,967	1,807	1,829

Other property and equipment expenses include £27m of exceptional costs relating to the restructuring in 2000 (1999 £134m, 1998 £nil). Other administration expenses include £34m of exceptional costs relating to the restructuring in 2000 (1999 £18m, 1998 £nil).

The figures shown in the narrative below relate to amounts paid either to Price Waterhouse or to Coopers & Lybrand from 1st January 1998 to 30th June 1998 and amounts paid to PricewaterhouseCoopers since 1st July 1998.

6 Administrative expenses – other (continued)

The statutory and regulatory audit and accountancy fees paid to the Group's main Auditors, PricewaterhouseCoopers and its associates (being the predecessor partnerships of Price Waterhouse and Coopers & Lybrand), comprised £4.6m (1999 £4.2m, 1998 £4.2m) in respect of the Group's audit and £16.5m (1999 £5.6m, 1998 £5.4m) relating to other accounting and regulatory work required of them. Prior to 1st July 1998, no fees were paid to Coopers & Lybrand in respect of the Group's audit and £0.3m were paid in respect of accounting and regulatory work.

Of total consultancy fees of £158m (1999 £121m, 1998 £126m) included in Other administrative expenses above, the Group's main Auditors received £10.5m (1999 £29.2m, 1998 £26.2m). Of this amount Coopers & Lybrand received £6.4m prior to 1st July 1998.

Of the total non audit fees of £27.0m (1999 £34.8m, 1998 £31.6m), fees paid to the Group's main Auditors in relation to their work in the UK was £15.6m (1999 £29.1m, 1998 £22.6m). Of this amount Coopers & Lybrand received £4.8m prior to 1st July 1998. The Group has a competitive tender policy for all consultancy projects.

7 Depreciation and amortisation

	2000 £m	1999 £m	1998 £m
Property depreciation	85	93	88
Equipment depreciation	166	170	172
Goodwill amortisation	51	13	12
Loss on sale of equipment	4	4	5
Write-back of surplus properties	–	–	(2)
	306	280	275

8 Provisions for contingent liabilities and commitments

	2000 £m	1999 £m	1998 £m
	(1)	1	76

The charge in 1998 represented a contribution of some £116m to the Administrators of British & Commonwealth Holdings PLC in relation to proceedings which arose in connection with that company's acquisition of Atlantic Computers PLC in 1988, adjusted for insurance cover of £40m.

9 Loss on sale or restructuring of BZW

	2000 £m	1999 £m	1998 £m
	–	(30)	(3)

10 Profit/(loss) on disposal of other Group undertakings

	2000 £m	1999 £m	1998 £m
Net profit/(loss) on disposal of Group undertakings	214	(108)	4

The net profit on disposal of Group undertakings comprised profits on disposal of £222m (1999 £20m, 1998 £14m) and losses on disposal of £8m (1999 £128m 1998 £10m).

Goodwill previously written off to reserves on these disposals amounted to £nil (1999 £138m, 1998 £10m). No tax credit is attributable to the losses on disposal in 2000 (1999 £nil, 1998 £2m). No tax was payable on the 2000 gains (1999 £nil, 1998 £3m).

Up to the date of sale, the businesses sold in 2000 contributed £10m to Group profit before tax (1999 £24m, 1998 £nil).

11 Tax

The charge for tax assumes an effective UK corporation tax rate of 30% (1999 30.25%, 1998 31%) and comprises:

	2000 £m	1999 £m	1998 £m
Current tax:			
UK	719	427	374
Overseas	219	271	162
Total current tax	938	698	536
Deferred tax charge/(credit):			
UK	14	(19)	(24)
Overseas	(7)	(33)	4
Total deferred tax	7	(52)	(20)
Associated undertakings and joint ventures, including overseas tax of £2m (1999 £2m, 1998 £3m)	(1)	(2)	4
Total charge	944	644	520
Analysis of deferred tax charge/(credit):			
Leasing transactions	14	4	10
Short-term and other timing differences	(7)	(56)	(30)
	7	(52)	(20)

Current tax includes tax of £48m (1999 £7m, 1998 £25m) on the shareholders' interest in the long-term assurance fund.

Comparative figures have been restated for the adoption of FRS 16.

Available overseas tax credits of £194m (1999 £118m, 1998 £17m) have been applied to reduce UK tax in accordance with UK legislation.

Further information is provided in the tax section on page 26 of the Financial review.

12 Minority and other interests – Barclays PLC

Equity minority interests in the balance sheet represent the interests of third parties in the equity shares of the Group subsidiary undertakings.

Non-equity minority interests in the balance sheet comprise non-cumulative dollar-denominated preference shares issued by Barclays Bank PLC of £142m (1999 £270m). Other non-equity interests comprise Reserve Capital Instruments issued by Barclays Bank PLC (RCIs) of £1,350m (1999 £nil). Further details of the rights of holders of preference shares are given in note (a) to the accounts of Barclays Bank PLC on page 162. Further details relating to RCIs are given in note (b) to the accounts of Barclays Bank PLC.

Total minority equity and non-equity interests as at 31st December 2000 were £250m (1999 £352m).

13 Dividends – Barclays PLC

Dividends per ordinary share	2000 £m	1999 £m	1998 £m
First interim	295	262	232
Second interim	632	484	414
	927	746	646
		(pence per share)	
First interim	20.00	17.50	15.50
Second interim	38.00	32.50	27.50
	58.00	50.00	43.00

Dividends amounting to £0.2m are payable on the staff shares, which carry a fixed dividend of 20% per annum unless no dividend is paid for the year on the ordinary shares.

14 Earnings per £1 ordinary share – Barclays PLC

	2000 £m	1999 £m	1998 £m
Basic and diluted earnings	2,473	1,759	1,317
Basic weighted average number of shares	1,514	1,497	1,510
Add potential ordinary shares	15	22	23
Diluted weighted average number of shares	1,529	1,519	1,533

Basic and diluted earnings are based upon the results after deducting tax, profit attributable to minority interests and dividends on staff shares.

Certain incentive plan shares have been excluded from the calculation of earnings per share in line with UITF 13, on the grounds that the trustee has waived all dividend and voting rights.

The recognition of potential ordinary shares for the purposes of calculating diluted EPS is in accordance with FRS 14 'Earnings per Share'.

See note 61 for approximate earnings per £1 ordinary share calculated in accordance with the accounting principles generally accepted in the United States.

15 Treasury bills and other eligible bills

	2000 £m	1999 £m
Treasury bills	4,154	5,529
Other eligible bills	1,410	1,647
	5,564	7,176
Treasury bills and other eligible bills comprise:		
Banking business	2,941	4,511
Trading business	2,623	2,665
	5,564	7,176

Treasury bills and other eligible bills are mainly short term in maturity with a book value not materially different from market value.

The total amount of treasury bills and other eligible bills included above, which are subject to sale and repurchase agreements, was £49m at 31st December 2000 (1999 £11m).

16 Loans and advances to banks

	2000 £m	1999 £m
Repayable		
on demand	2,094	967
not more than three months	27,401	31,146
over three months but not more than one year	5,967	6,375
over one year but not more than five years	829	934
over five years	161	228
	36,452	39,650
Less:		
Provisions (including country risk)	(26)	(24)
	36,426	39,626
	2000 £m	1999 £m
By geographical area		
Banking business:		
UK	3,345	6,307
Other European Union	2,042	2,173
United States	2,056	2,118
Rest of the World	2,153	2,497
Total banking business	9,596	13,095
Total trading business	26,856	26,555
	36,452	39,650

At 31st December 2000, there were loans and advances to banks of £55m (1999 £61m) outstanding from associated undertakings and joint ventures.

The Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £646m at 31st December 2000 (1999 £454m).

Additional analyses are provided within the loans and advances, provisions for bad and doubtful debts and potential credit risk lendings sections on pages 39 to 49 of the Financial review.

The geographic analysis of the banking business is based on the location of the office from which the lendings are made. The trading business, which is largely carried out in the UK, the United States and Japan is more international in nature and has not been analysed geographically. It primarily constitutes settlement and reverse repo balances.

17 Loans and advances to customers

	2000		1999	
	£m	£m	£m	£m
Repayable				
on demand		13,452		9,903
not more than three months		39,207		35,258
over three months but not more than one year		18,054		16,476
over one year but not more than five years		29,837		25,319
over five years		63,980		31,651
		164,530		118,607
Less:				
Provisions	(2,327)		(1,959)	
Interest in suspense	(93)		(80)	
		(2,420)		(2,039)
		162,110		116,568
By geographical area				
Banking business:				
UK		115,314		78,677
Other European Union		10,203		5,976
United States		6,376		4,048
Rest of the World		8,950		8,344
Total banking business		140,843		97,045
Total trading business		23,687		21,562
		164,530		118,607

At 31st December 2000, there were loans and advances to customers of £614m (1999 £738m) outstanding from associated undertakings and joint ventures.

Banking business loans and advances to customers include finance lease receivables of £4,733m (1999 £5,660m) which are stated in the balance sheet after deducting £2,950m (1999 £3,979m) of unearned charges and interest. Mortgage incentive costs of £22m (1999 (£4m) 1998 £8m) have been charged/(credited) to net interest income.

Assets acquired in the year for letting under finance leases amounted to £335m (1999 £781m).

Additional analyses are provided within the loans and advances, provisions for bad and doubtful debts and potential credit risk lendings sections on pages 39 to 49 of the Financial review.

The geographical analysis of the banking business is based on the location of the office from which the lendings are made. The trading business, which is largely carried out in the UK, the United States and Japan is more international in nature and has not been analysed geographically. It primarily constitutes settlement and reverse repo balances.

Securitisation transactions

Loans and advances to customers include balances which have been securitised. In accordance with Financial Reporting Standard 5 (FRS 5), 'Reporting the Substance of Transactions', these balances are either accounted for on the basis of linked presentation or separate recognition of the gross assets and related funding.

Linked presentation

Banking business loans and advances to customers include loans subject to non-recourse finance arrangements which at 31st December 2000 and 1999 comprised portfolios of mortgage loans. The principal benefits of these loans were acquired from the Bank by special purpose securitisation companies which were funded primarily through the issue of floating rate notes. No gain or loss was recognised on the transfer.

Barclays PLC and its subsidiary undertakings are not obliged to support any losses that may be suffered by the floating rate noteholders and do not intend to provide such support. Additionally, the floating rate notes were issued on the basis that noteholders are only entitled to obtain payment, as to both principal and interest, to the extent that the securitisation companies' respective available resources, including funds due from customers in respect of the securitised loans, are sufficient and that noteholders have no recourse whatsoever to the Group.

The securitisation companies involved are Gracechurch Mortgage Finance (No. 2) PLC, Gracechurch Mortgage Finance (No. 3) PLC and Millshaw SAMS (No. 1) Limited. All the shares in Gracechurch Mortgage Finance (No. 2) PLC and Gracechurch Mortgage Finance (No. 3) PLC are held beneficially by Gracechurch Mortgage (Holdings) Limited. All the shares in Millshaw SAMS (No. 1) Limited are held beneficially by Millshaw SAMS Holdings Limited. All the shares in Gracechurch Mortgage (Holdings) Limited and Millshaw SAMS Holdings Limited are held by Royal Exchange Trust Company Limited. The Group does not own, directly or indirectly, any of the share capital of the securitisation companies or their parent companies.

17 Loans and advances to customers (continued)

The Bank has made an interest bearing subordinated loan to each of the Gracechurch Mortgage Finance securitisation companies repayable on final redemption of the floating rate notes. The Bank receives payments from the securitisation companies in respect of fees for loan administration services, and also under the terms of interest rate swaps written between the Bank and the Gracechurch Mortgage Finance securitisation companies to hedge their respective exposures to movements in interest rates arising from these transactions. In each case the effect of the interest rate swaps between the Bank and the securitisation companies, in conjunction with certain interest rate swaps with third parties, is that the securitisation companies swap all or part of the interest flows receivable from customers in respect of the securitised loans into variable rate interest flows which are designed broadly to match the interest payable to floating rate noteholders.

The Bank has no right to repurchase the benefit of any of the securitised loans and no obligation to do so, other than in certain circumstances where the Bank is in breach of warranty.

The personal mortgage loans subject to non-recourse finance are as follows:

Outstanding at 31st December 2000			Outstanding at 31st December 1999		
Customer loans	Non-returnable finance	Funding provided by the Bank*	Customer loans	Non-returnable finance	Funding provided by the Bank*
£m	£m	£m	£m	£m	£m
297	286	11	333	268	65

* Funding provided by the Bank includes £11m (1999 £11m) of subordinated loans.

Linked presentation has been applied for these loans and the net of the loans and finance is included within loans and advances to customers on the balance sheet.

Gross assets presentation

During 1999 the Barclaycard credit and charge card receivables portfolio in the UK was securitised. The noteholders in this securitisation have a proportionate interest in each balance in the portfolio and at 31st December 2000 the sterling equivalent of this interest was £607m (1999 £607m). This securitisation does not qualify for linked presentation under Financial Reporting Standard 5 and therefore the total portfolio is included within gross loans. The funding giving rise to the noteholders interest is included within Debt securities in issue (note 30 on page 102).

18 Provisions for bad and doubtful debts

Movements in provisions for bad and doubtful debts	2000			1999		
	Specific £m	General £m	Total £m	Specific £m	General £m	Total £m
Provisions at beginning of year	1,311	672	1,983	1,215	728	1,943
Acquisitions and disposals	71	48	119	(2)	(8)	(10)
Exchange and other adjustments	4	–	4	21	(34)	(13)
	1,386	720	2,106	1,234	686	1,920
Provision for the year	777	40	817	635	(14)	621
Amounts written off, net of recoveries of £114m (1999 £93m)	(570)	–	(570)	(558)	–	(558)
Provisions at end of year	1,593	760	2,353	1,311	672	1,983
Provisions at 31st December					2000 £m	1999 £m
Specific provisions – credit risk:						
UK					1,343	1,075
Other European Union					111	126
United States					20	23
Rest of the World					118	74
					1,592	1,298
Specific provisions – country risk					1	13
					1,593	1,311
General provisions – credit risk					703	615
– country risk					57	57
					2,353	1,983

19 Debt securities

	2000				1999			
	Balance Sheet £m	Gross unrealised gains £m	Gross unrealised losses £m	Valuation £m	Balance Sheet £m	Gross unrealised gains £m	Gross unrealised losses £m	Valuation £m
Investment securities:								
UK government	1,496	76	(1)	1,571	1,666	4	(6)	1,664
other government	12,117	350	(89)	12,378	9,315	128	(103)	9,340
other public bodies	20	3	(4)	19	69	2	–	71
other issuers	16,087	44	(28)	16,103	9,741	32	(25)	9,748
	29,720	473	(122)	30,071	20,791	166	(134)	20,823
Other debt securities:								
UK government	845	–	–	845	1,278	–	–	1,278
other government	15,555	–	–	15,555	7,031	–	–	7,031
other public bodies	1,280	–	–	1,280	503	–	–	503
bank and building society certificates of deposit	16,682	–	–	16,682	18,005	–	–	18,005
other issuers	6,688	–	–	6,688	6,311	–	–	6,311
	70,770	473	(122)	71,121	53,919	166	(134)	53,951

	2000		1999	
	Balance Sheet £m	Valuation £m	Balance Sheet £m	Valuation £m
Debt securities comprise:				
Banking business	38,368	38,719	30,164	30,196
Trading business	32,402	32,402	23,755	23,755
	70,770	71,121	53,919	53,951

	2000		
	Cost £m	Provisions £m	Balance Sheet £m
Movements in Investment securities			
At beginning of year	20,820	(29)	20,791
Acquisition and disposal of Group undertakings	2,150	–	2,150
Exchange adjustments	867	–	867
Acquisitions and transfers	15,568	–	15,568
Redemption of Investment securities	(5,666)	–	(5,666)
Sale of Investment securities	(3,947)	–	(3,947)
Provisions raised	–	(8)	(8)
Write-offs	(9)	9	–
Amortisation of discounts and premiums	(35)	–	(35)
At end of year	29,748	(28)	29,720

The total value of debt securities at 31st December 2000 includes securities which are subject to sale and repurchase agreements of £2,944m (1999 £913m), and unamortised net premium on investment securities of £39m (1999 £61m). The value of securities due within one year at 31st December 2000 was £20,449m (1999 £18,787m). The Group had no holdings of securities issued by associated undertakings or joint ventures at 31st December 2000 or 31st December 1999.

During 1999 the Group securitised a portfolio of investment debt securities. Linked presentation under FRS 5 is not available and therefore the portfolio with a sterling equivalent book value of £747m at 31st December 2000 (1999 £1,049m) is included within the total above. The funding from this transaction is reported in Other liabilities (note 31 on page 103).

Barclays PLC holds, as an investment, British government stock with a book value of £0.1m (1999 £0.1m). As part of its normal market making activities, Barclays Capital holds positions in Barclays Bank PLC's loan capital.

Gross gains of £6m (1999 £2m) and gross losses of £9m (1999 £10m) were realised on the sale and redemption of investment securities. Other debt securities comprise dealing securities and short-term certificates of deposit. Other debt securities are marked to market and all profits and losses are deemed realised.

The cost of Other debt securities is not available and would be unreasonably expensive to obtain.

19 Debt securities (continued)

Of the total debt securities disclosed above, £47,798m (1999 £27,063m) were listed on a recognised exchange. These listed debt securities had a market value of £48,212m (1999 £27,116m).

Under US GAAP all Investment securities are classified as 'available for sale' and Other debt securities are classified as 'trading securities'.

See page 35 of the Financial review for the valuation and maturity analysis of Investment securities.

20 Equity shares

	2000		1999	
	Balance Sheet £m	Valuation £m	Balance Sheet £m	Valuation £m
Investment securities	244	295	179	206
Other securities	3,818	3,818	5,425	5,425
	4,062	4,113	5,604	5,631

Movements in Investment securities	2000		
	Cost £m	Provisions £m	Balance Sheet £m
At beginning of year	193	(14)	179
Exchange adjustments	5	(1)	4
Acquisitions	179	-	179
Sale of Investment securities	(122)	4	(118)
Provisions written off	(7)	7	-
At end of year	248	(4)	244

Gross unrealised gains on equity shares amounted to £51m (1999 £27m). There were no unrealised losses in either year.

Gross gains of £54m (1999 £58m) and gross losses of £1m (1999 £nil) were realised on the sale of Investment securities. Investment securities represent those equity shares held within the banking business.

Other securities, comprising the Group's trading business, are marked to market and all profits and losses are deemed realised.

The cost of Other securities is not available and would be unreasonably expensive to obtain.

As part of its normal operations, the equity derivatives business of Barclays Capital holds shares in Barclays PLC.

Of the total equity securities disclosed above, £3,863m (1999 £5,466m) were listed on a recognised exchange. These listed equity securities had a market value of £3,875m (1999 £5,479m).

21 Interests in associated undertakings and joint ventures

	Associates		Joint Ventures	
	2000 £m	1999 £m	2000 £m	1999 £m
Share of net assets				
At beginning of year	56	99	50	51
Exchange and other adjustments	3	7	4	–
New investments	7	–	3	–
Increase resulting from The Woolwich acquisition	11	–	6	–
Disposals	(6)	(9)	–	–
Transfers	–	(25)	–	–
Loss retained	(11)	(16)	(1)	(1)
At end of year	60	56	62	50

Associated undertakings included £31m in respect of banks (1999 £37m). Dividend income from associated undertakings amounted to £4m (1999 £7m). On an historical cost basis, the Group's interests in associated undertakings at 31st December 2000 amounted to £37m (1999 £20m). Of the above interests in associates, £nil (1999 £nil) are listed on a recognised exchange.

The table below provides summarised financial information of associated undertakings and joint ventures, in which the Group has an interest (the entities' entire financial position and results of operations are presented, not Barclays share).

	Associates			Total £m
	Banco Barclays e Galicia £m	Other* £m	Joint Ventures £m	
Fixed assets	1	32	292	325
Debt and equity securities	342	54	–	396
Loans to banks and customers	146	244	4	394
Other assets	65	45	63	173
Total assets	554	375	359	1,288
Deposits from banks and customers	155	125	–	280
Other liabilities	336	142	246	724
Shareholders' funds	63	108	113	284
Total liabilities	554	375	359	1,288
Loss before tax	(10)	(4)	(2)	(16)
Taxation	3	–	–	3
Loss after tax	(7)	(4)	(2)	(13)

* The amounts included above are based on accounts made up to 31st December 2000 with the exception of certain undertakings included within the Other Associates category for which the amounts are based on accounts made up to dates not earlier than 3 months before the balance sheet date.

At 31st December 2000 the Group's interest in the equity capital of Banco Barclays e Galicia amounted to 50% (1999 50%). The associated undertaking, which is primarily engaged in banking, will be consolidated from 1st January 2001, the date management control is deemed to have passed to the Group.

22 Intangible fixed assets

	2000 £m	1999 £m
Goodwill		
At beginning of year	183	196
Additions	4,121	10
Disposals	–	(16)
Amortisation charge for year	(51)	(13)
Exchange and other adjustments	16	6
At end of year	4,269	183

Accumulated amortisation at 31st December 2000 was £96m (1999 £45m).

Goodwill is amortised against profit over a period of 20 years, the expected life of the assets.

The addition in 2000 represents the goodwill arising on the acquisition of The Woolwich as set out in note 55.

23 Tangible fixed assets

	2000			1999		
	Total £m	Property £m	Equipment £m	Total £m	Property £m	Equipment
Cost or valuation						
At beginning of year	3,438	2,040	1,398	3,614	2,155	1,459
Acquisitions and disposals of Group undertakings	565	251	314	(4)	8	(12)
Exchange and other adjustments	(16)	(9)	(7)	(33)	(18)	(15)
Additions at cost	350	101	249	242	106	136
Sale of assets	(261)	(48)	(213)	(323)	(201)	(122)
Fully depreciated assets written off	(35)	(6)	(29)	(58)	(10)	(48)
At end of year	4,041	2,329	1,712	3,438	2,040	1,398
Accumulated depreciation and diminution in value						
At beginning of year	1,638	660	978	1,675	701	974
Acquisitions and disposals of Group undertakings	301	65	236	(8)	–	(8)
Exchange and other adjustments	(20)	(14)	(6)	(14)	(4)	(10)
Charge for year	251	85	166	263	93	170
Sale of assets	(153)	(15)	(138)	(220)	(120)	(100)
Fully depreciated assets written off	(35)	(6)	(29)	(58)	(10)	(48)
At end of year	1,982	775	1,207	1,638	660	978
At valuation 1979 to 1993	878	878	–	887	887	–
At cost	3,163	1,451	1,712	2,551	1,153	1,398
	4,041	2,329	1,712	3,438	2,040	1,398
Accumulated depreciation	(1,982)	(775)	(1,207)	(1,638)	(660)	(978)
Net book value	2,059	1,554	505	1,800	1,380	420
Balance sheet value of property				2000 £m	1999 £m	
Freehold				1,241	1,022	
Leasehold over 50 years unexpired				59	69	
Leasehold up to 50 years unexpired				224	231	
Assets in the course of construction				30	58	
				1,554	1,380	
Historical cost of property						
At cost				2,040	1,732	
Accumulated depreciation and diminution in value				(759)	(629)	
Net book value				1,281	1,103	

The net book value of property occupied by the Group for its own use was £1,502m at 31st December 2000 (1999 £1,353m).
The net book value of property at 31st December 2000 included £339m (1999 £296m) in respect of land.

24 Commitments for capital expenditure not provided in these accounts

At 31st December 2000, commitments for capital expenditure under contract amounted to £2m (1999 £7m).

25 Other assets

	2000 £m	1999 £m
Own shares	5	5
Balances arising from off-balance sheet financial instruments	12,100	13,390
Shareholders' interest in the long-term assurance fund	820	555
London Metal Exchange warrants and other metals trading positions	1,001	331
Sundry debtors	1,592	1,629
	15,518	15,910

Own shares represent Barclays PLC shares held in employee benefit trusts that have not yet been expensed.

26 Long-term assurance funds

The increase in the shareholders interest in the long-term assurance funds is calculated as follows:

	2000 £m	1999 £m
Value of the shareholders interest at beginning of year	555	530
Increase resulting from The Woolwich acquisition	148	–
Value of the shareholders interest at end of year	820	555
Increase in value for the year after tax	117	25
Increase in value before tax	165	32

In addition to the increase in the shareholders' interest in the long-term assurance funds detailed above, a further £6m (1999 £12m) of other income from the long-term assurance business has been recognised in the year.

The principal economic assumptions used in calculating the value of the shareholders' interest were as follows:

	2000 %	1999 %
Risk discount rate (net of tax)	9.5	10.0
Gross equities returns for unit linked business*	7.7	8.0
Gross fixed interest returns for unit linked business	4.7	5.0
Renewal expense inflation	4.5	5.0

* The assumption used for UK equities is 7.7% (1999 8.0%) less the irrecoverable tax credit of 0.5% (1999 0.6%), derived as 20% (1999 20%) of the assumed dividend yield of 2.7% (1999 3%).

The retail life-fund assets attributable to policy holders comprise:

	2000 £m	1999 £m
Assets:		
Investments	8,640	8,051
Group undertakings	27	12
Other debtors	130	58
	8,797	8,121
Current liabilities	(86)	(81)
	8,711	8,040

27 Prepayments and accrued income

	2000 £m	1999 £m
Accrued interest and commission	2,482	2,008
Prepayments	345	195
	2,827	2,203

28 Deposits by banks

	2000 £m	1999 £m
Repayable		
on demand	2,826	1,720
not more than three months	41,059	37,728
over three months but not more than six months	1,358	1,748
over six months but not more than one year	1,333	1,600
over one year but not more than five years	1,788	656
over five years	1,392	1,034
	49,756	44,486
By geographical area		
Banking business:		
UK	18,965	15,457
Other European Union	3,820	2,575
United States	3,893	4,178
Rest of the World	5,767	4,705
Total banking business	32,445	26,915
Total trading business	17,311	17,571
	49,756	44,486

There were no balances due to associated undertakings and joint ventures at 31st December 2000 or 31st December 1999. Deposits by banks are mostly over £50,000.

A further analysis of Deposits by banks is given within the Deposits section on page 33 of the Financial review.

29 Customer accounts

	2000 £m	1999 £m
Repayable		
on demand	61,174	44,997
not more than three months	82,435	71,216
over three months but not more than six months	4,005	2,135
over six months but not more than one year	4,624	1,728
over one year but not more than five years	5,257	2,128
over five years	1,473	1,762
	158,968	123,966
By geographical area		
Banking business:		
UK	121,565	90,204
Other European Union	4,884	4,394
United States	4,084	2,323
Rest of the World	9,819	8,106
Total banking business	140,352	105,027
Total trading business	18,616	18,939
	158,968	123,966

29 Customer accounts (continued)

	2000 £m	1999 £m
By type		
In offices in the UK:		
current and demand accounts – interest free	10,928	9,727
current and demand accounts – interest bearing	16,785	13,601
savings accounts	35,761	27,014
other time deposits – retail	36,224	22,726
other time deposits – wholesale	24,492	20,406
In offices outside the UK:		
current and demand accounts – interest free	1,557	1,600
current and demand accounts – interest bearing	1,903	1,988
savings accounts	1,326	1,267
other time deposits	29,992	25,637
	158,968	123,966

At 31st December 2000, there were customer accounts of £12m (1999 £13m) due to associated undertakings and joint ventures.

Deposits in offices in the UK received from non-residents amounted to £11,754m (1999 £11,242m).

Other time deposits in the UK and the United States are mostly over £50,000.

A further analysis of customer accounts is provided within the Deposits section on page 33 of the Financial review.

30 Debt securities in issue

	2000 £m	1999 £m
Bonds and medium-term notes repayable:		
within one year	540	117
one year and over	4,428	1,482
	4,968	1,599
Other debt securities in issue repayable:		
not more than three months	18,738	16,070
over three months but not more than one year	3,135	4,341
over one year but not more than five years	4,893	1,318
over five years	149	1
	31,883	23,329

Debt securities in issue at 31st December 2000 included certificates of deposit of £22,413m (1999 £19,496m) and commercial paper of £2,209m (1999 £1,082m). There were no balances due to associated undertakings and joint ventures at 31st December 2000 or 31st December 1999.

Debt securities in issue at 31st December 2000 and 31st December 1999 include £607m raised from the securitisation of credit and charge card receivables (see note 17).

31 Other liabilities

	2000 £m	1999 £m
Obligations under finance leases payable:		
not more than one year	24	16
over one year but not more than five years	126	107
over five years	112	125
	262	248
Less: future finance charges	103	108
	159	140
Balances arising from off-balance sheet financial instruments	11,971	13,619
Short positions in securities	21,201	16,813
Cash receipts from securitisation	747	1,049
Current tax	642	462
Sundry creditors	3,464	3,036
	38,184	35,119
Short positions in securities comprise:		
Treasury bills and other eligible bills	2,831	1,375
Debt securities – government	14,322	11,362
Debt securities – other public sector	415	141
Debt securities – other	2,576	3,054
Equity shares	1,057	881
	21,201	16,813

Of the total short positions disclosed above, £17,895m (1999 £13,669m) were listed on a recognised exchange.

Cash receipts from securitisation are in respect of a portfolio of investment debt securities (see note 19) which did not qualify for linked presentation under FRS 5.

32 Accruals and deferred income

	2000 £m	1999 £m
Accrued interest and commission	2,317	1,565
Other accruals and deferred income	2,140	1,725
	4,457	3,290

33 Deferred tax

Deferred tax is provided using the liability method on timing differences where it is considered probable a liability to tax will crystallise. The movements on deferred tax during the year were:

	2000 £m	1999 £m
At beginning of year	596	702
Exchange and other adjustments	28	(54)
Charge/(credit) to profit and loss account	7	(52)
At end of year	631	596
Deferred tax at 31st December:		
Leasing transactions	715	731
Other timing differences	(84)	(135)
	631	596

Potential tax liabilities not provided in the accounts in respect of leasing transactions are computed at estimated future tax rates and amounted to £228m (1999 £229m). No tax is provided on capital gains which might arise on the disposal of Group subsidiaries or associated undertakings at their balance sheet amounts. Furthermore, no provision is made for tax on capital gains which might arise on the disposal of properties at their balance sheet amounts, as the Directors are of the opinion that, in view of the substantial number of properties involved and the law relating to rollover relief, the likelihood of any such material tax liability arising is remote and no useful purpose would be served by attempting to quantify it.

34 Other provisions for liabilities and charges

	Employee pension and post retirement benefit contributions £m	Onerous contracts £m	Customer loyalty provisions £m	Redundancy and restructuring £m	Sundry provisions £m	Total £m
At 1st January 2000	167	95	77	192	120	651
Acquisitions and disposals of Group undertakings	12	5	–	–	7	24
Exchange	–	–	–	(1)	1	–
Additions	48	3	–	220	79	350
Amounts used	(21)	(51)	(8)	(253)	(19)	(352)
Unused amounts reversed	(12)	–	(3)	(11)	(20)	(46)
Amortisation of discount	–	4	–	4	–	8
	194	56	66	151	168	635
At 1st January 1999	173	100	64	108	206	651
Exchange and other adjustments	(24)	7	–	3	6	(8)
Additions	22	5	22	358	53	460
Amounts used	(4)	(22)	(9)	(272)	(131)	(438)
Unused amounts reversed	–	–	–	(5)	(14)	(19)
Amortisation of discount	–	5	–	–	–	5
	167	95	77	192	120	651

Employee pension and post retirement benefits obligations

The Group operates various defined benefit pension schemes. Provisions for pensions arise when the profit and loss charge exceeds the contribution to the scheme as a result of actuarial valuations. The provision will be eliminated over the estimated service life of the employees in line with SSAP 24. The Group operates various unfunded post retirement benefit plans and has a provision to cover the expected cost.

Onerous contracts

The Group has a number of leasehold properties where unavoidable costs exceed anticipated income. Under FRS 12 a provision is required for such properties. This provision has been discounted due to the long-term nature of the cashflows.

Customer loyalty provisions

The Group operates customer loyalty bonus schemes. A provision is made for future claims on redemption under the schemes.

Redundancy and restructuring

It is anticipated that the majority of the remaining provision will be utilised in 2001.

Sundry provisions

Other provisions are incurred in the course of business. Included within Sundry provisions are provisions for commission clawbacks, warranties and litigation claims.

35 Undated loan capital

Undated loan capital, issued by the Bank for the development and expansion of the Group's business and to strengthen the capital base and by The Woolwich for the general purposes of its business, comprised:

	Notes	2000 £m	1999 £m
Convertible to preference shares			
The Bank			
8% Convertible Capital Notes Series E (\$500m)	(h, s)	335	309
Non-convertible			
The Bank			
Junior Undated Floating Rate Notes (\$121m, 1999 \$138m)	(a, j)	81	85
Undated Floating Rate Primary Capital Notes Series 1 (\$358m)	(a, k)	240	221
Undated Floating Rate Primary Capital Notes Series 2 (\$442m)	(a, k)	297	273
Undated Floating Rate Primary Capital Notes Series 3	(a, k)	145	145
9.875% Undated Subordinated Notes	(b, l)	300	300
9% Permanent Interest Bearing Capital Bonds	(h, q)	100	100
7.875% Undated Subordinated Notes	(c, r)	100	100
7.125% Undated Subordinated Notes	(d, n)	275	–
6.875% Undated Subordinated Notes	(e, o)	400	–
6.5% Undated Subordinated Notes (FFr 1,000m)	(f, m)	95	95
5.03% Reverse Dual Currency Undated Subordinated Notes (Yen 8,000m)	(g, p)	47	48
5% Reverse Dual Currency Undated Subordinated Notes (Yen 12,000m)	(g, p)	70	73
The Woolwich			
9.25% Perpetual Subordinated Bonds	(i, t)	187	–
		2,337	1,440

Security and subordination

None of the undated loan capital of the Bank or The Woolwich is secured.

The Junior Undated Floating Rate Notes (the "Junior Notes") rank behind the claims against the Bank of depositors and other unsecured unsubordinated creditors and holders of dated loan capital. All other issues of the Bank's undated loan capital rank *pari passu* with each other and behind the claims of the holders of the Junior Notes. The 9.25% Perpetual Subordinated Bonds rank behind the claims against The Woolwich of its depositors and other unsecured unsubordinated creditors and holders of its dated loan capital.

Interest

Notes

(a) These Notes bear interest at rates fixed periodically in advance based on London interbank rates.

(b) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.

(c) These Notes bear a fixed rate of interest until 2003. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 10 years.

(d) These Notes bear a fixed rate of interest until 2020. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.

(e) These Notes bear a fixed rate of interest until 2015. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.

(f) These Notes bear a fixed rate of interest until 2009. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.

(g) These Notes bear a fixed rate of interest until 2028 based on a U.S. dollar principal amount, but the coupons have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates. After that date, in the event that the Notes are not redeemed, the Notes will bear Yen interest at rates fixed periodically in advance based on London interbank rates.

35 Undated loan capital (continued)

(h) The interest rates on these Notes are fixed for the life of those issues.

(i) These Notes bear a fixed rate of interest until 2021. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.

The Bank is not obliged to make a payment of interest on its undated loan capital (other than the Junior Notes) if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of the Bank. The Woolwich is not obliged to make a payment of interest on its undated loan capital if, in the immediately preceding interest period, a dividend has not been paid on any class of its share capital. Interest not so paid becomes payable if such a dividend is subsequently paid or in certain other circumstances.

No payment of principal or any interest may be made unless the Bank or The Woolwich, as appropriate, satisfies a specified solvency test.

Interest payable on undated loan capital amounted to £143m (1999 £125m, 1998 £127m).

Repayment and conversion

Notes

(j) These Notes are repayable, at the option of the Bank, in whole or in part on any interest payment date.

(k) These Notes are repayable in each case, at the option of the Bank, in whole on any interest payment date.

(l) These Notes are repayable, at the option of the Bank, in whole in 2008, or on any fifth anniversary thereafter.

(m) These Notes are repayable, at the option of the Bank, in whole in 2009, or on any fifth anniversary thereafter.

(n) These Notes are repayable, at the option of the Bank, in whole in 2020, or on any fifth anniversary thereafter.

(o) These Notes are repayable, at the option of the Bank, in whole in 2015, or on any fifth anniversary thereafter.

(p) These Notes are repayable, at the option of the Bank, in whole in 2028, or on any fifth anniversary thereafter.

(q) These Bonds are repayable, at the option of the Bank, in whole at any time.

(r) These Notes are repayable, at the option of the Bank, in whole at any time up to and including October 2003, or on any tenth anniversary thereafter.

(s) These Notes are repayable at par, at the option of the Bank, in whole on any interest payment date falling in or after April 2003 and are convertible on any interest payment date, at the option of the Bank, into 40,000,000 non-cumulative dollar-denominated preference shares of the Bank.

(t) These Bonds are repayable, at the option of The Woolwich, in whole in 2021, or on any fifth anniversary thereafter.

In addition, each issue of undated loan capital is repayable, at the option of the Bank or The Woolwich, as appropriate, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior approval of the Financial Services Authority.

The Series E Notes have been registered under the US Securities Act of 1933. The other issues of undated loan capital, which were made in the eurocurrency market, have not been so registered.

During the year a subsidiary of the Bank purchased \$17m of Junior Notes (1999 \$30m) at a discount of \$3m (£2m) (1999 \$4m (£3m)).

36 Dated loan capital – non-convertible

Dated loan capital, issued by the Bank and its finance subsidiaries for the development and expansion of the Group's business and to strengthen its capital base and by The Woolwich for the general purposes of its business, comprised:

	Notes	2000 £m	1999 £m
The Bank			
Floating Rate Subordinated Notes 2000 (1999 \$100m)		–	62
5.875% Subordinated Notes 2000 (1999 \$225m)		–	140
5.95% Subordinated Notes 2001 (\$225m)	(g, h, i)	140	140
9.5% Subordinated Redeemable Bonds 2001 (FFr 350m)	(h)	33	33
5.5% Subordinated Notes 2002 (€200m)	(g, h, i)	119	–
Floating Rate Subordinated Notes 2002 (€115m)	(a, i)	72	–
Floating Rate Unsecured Capital Loan Stock 2006	(a, k, l)	4	4
Floating Rate Subordinated Notes 2006 (DM 350m)	(a, k)	112	111
Floating Rate Subordinated Notes 2006 (Yen 20,000m)	(a, k)	117	121
16% Unsecured Capital Loan Stock 2002/07	(h, k)	100	100
4.875% Step-up Callable Subordinated Notes 2008 (FFr 1,000m)	(b, k)	95	95
Floating Rate Subordinated Notes 2008 (ITL 250,000m)	(a, k)	80	80
Subordinated Floating Rate Notes 2008 (\$250m)	(a, g, k)	171	155
Subordinated Floating Rate Notes 2009 (\$60m)	(a, k)	40	37
Floating Rate Subordinated Step-up Callable Notes 2009 (\$550m)	(a, k)	369	340
Floating Rate Subordinated Step-up Callable Notes 2009 (\$115m)	(a, k)	77	71
7.4% Subordinated Notes 2009 (\$400m)	(h)	268	248
Subordinated Fixed to CMS-Linked Notes 2009 (€31m)	(a)	19	19
Floating Rate Subordinated Step-up Callable Notes 2009 (€150m)	(a, k)	94	93
Variable Floating Rate Subordinated Notes 2009 (Yen 5,000m)	(a, k)	29	30
12% Unsecured Capital Loan Stock 2010	(h)	25	25
Floating Rate Unsecured Capital Loan Stock 2010	(a, k, l)	1	1
Fixed/Floating Rate Subordinated Notes 2011 (Yen 5,000m)	(c, k)	29	30
Floating Rate Subordinated Notes 2012	(a, k)	299	298
5.5% Subordinated Notes 2013 (DM 500m)	(d, k)	160	159
Floating Rate Subordinated Notes 2019 (€50m)	(a)	31	31
5.4% Reverse Dual Currency Subordinated Notes 2027 (Yen 15,000m)	(e)	88	91
6.33% Subordinated Notes 2032	(h)	50	50
Barclays Overseas Investment Company B.V. (BOIC)			
Guaranteed Notes 2007 (Yen 15,000m)	(f, k)	88	91
Barclays North American Capital Corporation (BNACC)			
9¾% Guaranteed Capital Notes 2021 (\$311m)	(h, k)	209	193
The Woolwich			
11.625% Subordinated Notes 2001	(h)	99	–
5.25% Subordinated Notes 2011 (€250m)	(h)	142	–
Step-up Callable Floating Rate Subordinated Bonds 2012	(a, k)	145	–
10.125% Subordinated Notes 2017	(j, k)	125	–
9.5% Subordinated Bonds 2021	(h)	268	–
		3,698	2,848
Repayable			
not more than one year		277	207
over one year but not more than two years		191	173
over five years		3,230	2,468
		3,698	2,848

None of the Group's dated loan capital is secured. The debt obligations of the Bank, BOIC, BNACC and The Woolwich rank ahead of the interests of holders of their equity. Dated loan capital of the Bank and The Woolwich has been issued on the basis that the claims thereunder are subordinated to the respective claims of their depositors and other unsecured unsubordinated creditors. Loan capital issued by BOIC and BNACC carries the guarantee of the Bank, which is subordinated on a similar basis. All loan capital issued by BOIC and BNACC has been on-lent to the Bank on a subordinated basis.

36 Dated loan capital – non-convertible (continued)

Interest

Notes

- (a) These Notes bear interest at rates fixed periodically in advance based on London or European interbank rates.
- (b) These Notes bear a fixed rate of interest until 2003. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.
- (c) These Notes bear a fixed rate of interest until 2006. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (d) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (e) These Notes bear a fixed rate of interest based on a U.S. dollar principal amount, but the coupons have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates.
- (f) The coupons on these Notes have been swapped until 2002, resulting in a Yen interest rate payable until then which is fixed periodically in advance based on London interbank rates. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (g) The Bank has swapped the proceeds of these Notes for sterling under three swaps the durations of which will match the respective terms of the Notes. The payment obligations of the Bank under these three swaps are subordinated so that the claims against the Bank in respect of the swaps rank *pari passu* with claims against the Bank in respect of its dated loan capital. The sterling values of these Notes in the figures set out above take into account these subordinated swaps.
- (h) The interest rates on these Notes are fixed for the life of those issues.
- (i) The Bank may defer the payment of interest and principal on these Notes in the event that the Financial Services Authority has required or requested the Bank to make such a deferral.
- (j) These Notes bear a fixed rate of interest until 2012. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.

Interest payable on loan capital with a final maturity within five years amounted to £16m (1999 £23m, 1998 £16m).

The notes issued by BNACC, the 5.95% Subordinated Notes 2001 (the '5.95% Notes') and the 7.4% Subordinated Notes 2009 (the '7.4% Notes') issued by the Bank have been registered under the US Securities Act of 1933. All other issues of dated loan capital by the Bank, BOIC, and The Woolwich, which were made in non-US markets, have not been so registered. With respect to the 5.95% Notes and the 7.4% Notes, the Bank is not obliged to make (i) a payment of interest on any interest payment date unless a dividend is paid on any class of share capital and (ii) a payment of principal until six months after the respective maturity date with respect to such Notes.

Repayment terms

Unless otherwise indicated, the Group's dated loan capital outstanding at 31st December 2000 is redeemable only on maturity subject, in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law.

Notes

- (k) Repayable at the option of the issuer, prior to maturity, on conditions governing the respective debt obligations, some in whole or in part, and some only in whole.
- (l) Holders of these Notes have certain rights to call for the redemption of their holdings.

Any repayments prior to maturity require the prior approval of the Financial Services Authority.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

37 Called up share capital

The authorised share capital of Barclays PLC is £2,000m (1999 £2,000m), comprising 1,999m (1999 1,999m) ordinary shares of £1 each and 1m (1999 1m) staff shares of £1 each.

	2000 £m	1999 £m
Called up share capital, allotted and fully paid		
Ordinary shares:		
At beginning of year	1,494	1,510
Issued to staff under the SAYE Share Option Scheme	11	11
Issued under Executive Share Option Scheme	–	1
Issued to acquire The Woolwich	176	–
Repurchase of shares	(20)	(28)
At end of year	1,661	1,494
Staff shares	1	1
	1,662	1,495

At 31st December 2000 35.0m (1999 40.8m) options were outstanding under the terms of the SAYE Share Option Scheme, 1.6m options were outstanding under the terms of The Woolwich SAYE Scheme, 3.6m (1999 3.9m) options were outstanding under the terms of the Executive Share Option Scheme, 3.0m options were outstanding under the terms of The Woolwich ESOP and 3.8m (1999 nil) options were outstanding under the terms of the Incentive Share Option Plan, enabling certain Directors and members of staff to subscribe for ordinary shares between 2001 and 2010 at prices ranging from 445p to 1,782p.

In addition, under the terms of The Woolwich SAYE 0.7m options were outstanding and 1.3m options were outstanding under the terms of The Woolwich ESOP enabling certain Directors and members of staff to subscribe for Woolwich plc ordinary shares between 2001 and 2010 at prices ranging from 268p to 367p. Upon exercise of an option over Woolwich plc shares, the option holder will receive £1.64 in cash and 0.1175 ordinary shares for each Woolwich share available under the option.

In 2000, the Company repurchased ordinary shares with a nominal value of £20m at a total cost of £311m. In 1999, ordinary shares with a nominal value of £28m were repurchased at a total cost of £504m.

38 Shareholders' funds

	2000			1999		
	Consolidated £m	Barclays PLC £m	Associated undertakings and joint ventures £m	Consolidated £m	Barclays PLC £m	Associated undertakings and joint ventures £m
At beginning of year	8,483	8,483	36	7,842	7,842	72
Proceeds of shares issued (net of expenses)	3,554	3,554	–	214	214	–
Exchange rate translation differences	17	–	2	(70)	–	2
Repurchase of ordinary shares	(311)	(311)	–	(504)	(504)	–
Goodwill written back on disposals	–	–	–	138	–	–
Revaluation of investment in subsidiary undertaking	–	1,150	–	–	427	–
Shares issued to the QUEST in relation to SAYE share option scheme	(114)	(114)	–	(154)	(154)	–
Other items	12	–	4	4	–	(21)
Profit/(loss) retained	1,546	425	(12)	1,013	658	(17)
At end of year	13,187	13,187	30	8,483	8,483	36

The revaluation reserve of Barclays PLC arises from the revaluation of the investment in Barclays Bank PLC.

The increase in consolidated shareholders' funds of £17m (1999 decrease £70m) arising from exchange rate translation differences is net of a related tax credit of £35m (1999 credit £8m).

39 Investment in Barclays Bank PLC

The investment in Barclays Bank PLC is stated in the balance sheet at Barclays PLC's share of the book value of the net assets of Barclays Bank PLC including unamortised goodwill. The net increase of £4,704m during the year comprised the cost of additional shares of £3,554m and an increase of £1,150m in other net assets of Barclays Bank PLC. The cost of the investment was £7,271m (1999 £3,717m).

Details of principal subsidiary undertakings, held through Barclays Bank PLC, are shown in note 44.

40 Leasing activities

Aggregate amounts received and receivable during the year under finance leases were £598m (1999 £1,070m, 1998 £1,031m), including interest income of £355m (1999 £413m, 1998 £474m).

41 Assets and liabilities denominated in sterling and foreign currencies

	2000 £m	1999 £m
Denominated in sterling	166,699	117,178
Denominated in currencies other than sterling	149,491	137,615
Total assets	316,190	254,793
Denominated in sterling	173,235	130,371
Denominated in currencies other than sterling	142,955	124,422
Total liabilities	316,190	254,793

42 Assets pledged to secure liabilities

At 31st December 2000, the amount of assets pledged to secure liabilities was £9,848m (1999 £6,813m). The secured liabilities outstanding amounted to £10,653m (1999 £9,330m).

43 Future rental commitments under operating leases

At 31st December 2000, the Group held various leases on land and buildings, many for extended periods, and other leases for equipment.

	2000		1999	
	Property £m	Equipment £m	Property £m	Equipment £m
Annual commitments under non-cancellable operating leases expiring:				
not more than one year	12	–	4	1
over one year but not more than five years	19	1	21	1
over five years	121	–	111	–
	152	1	136	2

The following aggregate rental payments outstanding at 31st December 2000 fall due as follows:

	Year ended 31st December					Total thereafter £m
	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m	
Aggregate rental payments	153	150	143	132	132	1,296

The rentals for leasehold land, buildings and equipment, included in operating expenses for the year ended 31st December 2000, amounted to £176m (1999 £239m, 1998 £204m).

44 Principal subsidiary undertakings

Country of registration or incorporation	Company name	Nature of Business	Percentage of equity capital held %
England	Barclays Bank PLC – ordinary shares	Banking, holding company	100*
England	Barclays Private Bank Limited	Banking	100*
England	Barclays Mercantile Business Finance Limited	Commercial finance, holding company, leasing	100
England	Barclays Global Investors UK Holdings Limited	Holding company	100
England	Barclays Life Assurance Company Limited	Life and pensions business	100
England	Barclays Funds Limited	Provider of savings related investment products	100
England	Barclays Bank Trust Company Limited	Banking, securities industries and trust services	100
England	Barclays Stockbrokers Limited	Stockbroking	100
England	Barclays Capital Securities Limited	Securities dealing	100
England	Barclays Global Investors Pensions Management Limited	Investment management	100*
England	Woolwich plc	Banking, holding company	100
England	First Plus Financial Group PLC	Consumer finance	100*
England	Woolwich Independent Financial Advisory Services Limited	Financial advisory services	100*
Guernsey	Barclays Finance Company (Guernsey) Limited	Banking	100
Jersey	Barclays Bank Finance Company (Jersey) Limited	Banking	100
Jersey	Barclays Private Bank and Trust Limited	Banking, holding company	100*
Isle of Man	Barclays Finance Company (Isle of Man) Limited	Investment company	100
Spain	Barclays Bank SA	Banking	99.7
Botswana	Barclays Bank of Botswana Limited	Banking	74.9
Egypt	Cairo Barclays Bank SAE	Banking	60
Ghana	Barclays Bank of Ghana Limited	Banking	90
Kenya	Barclays Bank of Kenya Limited	Banking	68.5
Zimbabwe	Barclays Bank of Zimbabwe Limited	Banking	64.7*
USA	Barclays Capital Inc.	Securities dealing	100*
USA	Barclays Global Investors, NA	Investments and securities industry business	100*
Switzerland	Barclays Bank (Suisse) SA	Banking and trust services	100*
Cayman Islands	Barclays Capital Japan Limited	Securities dealing	100
Italy	Banca Woolwich SpA	Banking	100*
France	Banque Woolwich SA	Banking	100*

In accordance with Section 231(5) of the Companies Act 1985 the above information is provided solely in relation to principal subsidiary undertakings. Full information on all subsidiaries will be included with the Annual Return.

With the exception of Barclays Capital Japan Limited which operates in Japan, the country of registration or incorporation is also the principal area of operation for each of the above undertakings. Investments in these undertakings are held directly by Barclays Bank PLC except where marked *. Barclays Bank PLC also has in issue 17,000,000 (1999 34,920,000) non-cumulative dollar-denominated preference shares of \$0.01 each, none of which are held by Barclays PLC.

45 Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments, including swaps, futures, forwards and option contracts or combinations thereof (all commonly known as derivatives) the nominal amounts of which are not reflected in the consolidated balance sheet.

Following internationally accepted banking supervisory practice for the calculation of the credit risk associated with such off-balance sheet items, for the purpose of this note the contract or underlying principal amounts are initially converted to credit risk equivalents by applying specified conversion factors.

Nature of instruments

For a description of the nature of derivative financial instruments, see page 53 of the Financial review.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange which have been paid and subsequently rediscounted.

Guarantees and assets pledged as collateral security are generally written by a bank to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

45 Contingent liabilities and commitments (continued)

Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following table summarises the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk as at 31st December 2000.

	2000 Contract or underlying principal amount £m	1999 Contract or underlying principal amount £m
Contingent liabilities		
Acceptances and endorsements	1,170	1,530
Guarantees and assets pledged as collateral security	15,180	12,044
Other contingent liabilities	6,503	5,360
Off-balance sheet credit risk	22,853	18,934
Commitments		
Other commitments:		
Documentary credits and other short-term trade related transactions	446	489
Forward asset purchases and forward deposits placed	10	418
Undrawn note issuance and revolving underwriting facilities	28	47
Undrawn formal standby facilities, credit lines and other commitments to lend:		
Over one year	20,550	17,048
In one year or less	66,937	64,477
Off-balance sheet credit risk	87,971	82,479

As an active participant in international banking markets, the Group has a significant concentration of off-balance sheet items with financial institutions, as shown in note 64.

Accounting for derivatives and credit related instruments

The Group's policies for accounting for derivatives and credit related instruments are set out on page 77.

Risks

Credit exposure or replacement cost of derivative instruments represents the cost to replace contracts with a positive value and is usually a small fraction of the notional amount of the contracts. Credit risk exposures, however, relate to accounting losses that would be recognised if counterparties failed completely to perform their obligations. Options written do not expose the Group to credit risk (apart from unremitted premiums), except to the extent of the underlying risk in the financial instrument that the Group may be obligated to acquire under certain written put options. The risk that counterparties to both derivative and cash instruments might default on their obligations is monitored on an ongoing basis. To control the level of credit risk taken, the Group assesses counterparties using the same techniques and corporate grading structure as for lending decisions, in order to deal predominantly with counterparties of high credit quality.

Cash requirements

The cash requirement of a credit related instrument has the same features as the risk set out above.

For a further description of the nature and management of credit risks and market risks, see Risk management on pages 36 to 57 of the Financial review.

46 Derivatives and other financial instruments

The Group's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out on pages 36 to 57 of the Financial review under the headings 'Risk management'; 'Market risk management' and 'Treasury asset and liability management'. Short-term debtors and creditors are included in the following interest rate repricing and non-trading currency risk tables. All other disclosures in note 46 exclude these short-term balances.

Interest rate sensitivity gap analysis

The table below summarises the repricing profiles of the Group's non-trading book as at 31st December 2000. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

Interest rate repricing – as at 31st December 2000

	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Non-interest bearing £m	Trading balances £m	Total £m
Assets:										
Treasury bills and other eligible bills	275	88	143	9	–	–	–	–	5,049	5,564
Loans & advances to banks	3,323	438	68	66	39	8	1	289	32,194	36,426
Loans & advances to customers	83,377	4,792	4,576	14,478	6,597	3,961	1,058	539	42,732	162,110
Debt securities & equity shares	1,308	224	1,484	1,806	943	1,123	492	140	67,312	74,832
Other assets	768	1	–	–	–	–	–	10,176	17,602	28,547
Total assets	89,051	5,543	6,271	16,359	7,579	5,092	1,551	11,144	164,889	307,479
Liabilities:										
Deposits by banks	3,976	400	72	296	184	505	–	654	43,669	49,756
Customer accounts	103,521	3,332	2,969	2,493	189	4	157	11,866	34,437	158,968
Debt securities in issue	6,265	599	84	231	791	429	101	–	23,383	31,883
Other liabilities	–	–	–	–	–	–	–	6,815	38,900	45,715
Loan capital & other subordinated liabilities	2,405	46	286	402	–	978	2,044	–	209	6,370
Minority & other interests & shareholders' funds	–	–	–	–	–	–	–	14,787	–	14,787
Internal funding of trading business	(17,892)	996	110	(261)	81	278	–	(7,603)	24,291	–
Total liabilities	98,275	5,373	3,521	3,161	1,245	2,194	2,302	26,519	164,889	307,479
Off-balance sheet items	(4,580)	935	(1,741)	(3,177)	6,020	737	1,806	–	–	–
Interest rate repricing gap	(13,804)	1,105	1,009	10,021	12,354	3,635	1,055	(15,375)	–	–
Cumulative gap	(13,804)	(12,699)	(11,690)	(1,669)	10,685	14,320	15,375	–	–	–

Total assets and liabilities exclude retail life-fund assets and liabilities. These are not relevant in considering the interest rate risk of the Group.

Trading balances for the purposes of this table are those where the risk is managed by DVAR (see pages 51 and 52).

46 Derivatives and other financial instruments (continued)

Interest rate repricing – as at 31st December 1999

	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Non- interest bearing £m	Trading balances £m	Total £m
Assets:										
Treasury bills and other eligible bills	445	109	94	3	–	–	–	–	6,525	7,176
Loans & advances to banks	2,534	596	186	7	63	–	–	255	35,985	39,626
Loans & advances to customers	52,329	3,308	3,361	8,932	5,833	3,262	774	284	38,485	116,568
Debt securities & equity shares	430	143	148	2,887	1,508	1,234	17	176	52,980	59,523
Other assets	853	–	–	–	–	–	–	7,220	15,787	23,860
Total assets	56,591	4,156	3,789	11,829	7,404	4,496	791	7,935	149,762	246,753
Liabilities:										
Deposits by banks	2,606	99	23	231	176	634	–	310	40,407	44,486
Customer accounts	80,515	2,480	1,474	1,080	166	2	188	11,208	26,853	123,966
Debt securities in issue	651	22	8	180	560	412	61	–	21,435	23,329
Other liabilities	–	–	–	–	–	–	–	7,136	34,404	41,540
Loan capital & other subordinated liabilities	2,093	86	140	264	195	931	696	–	192	4,597
Minority & other interests & shareholders' funds	–	–	–	–	–	–	–	8,835	–	8,835
Internal funding of trading business	(21,473)	29	361	62	6	91	176	(5,723)	26,471	–
Total liabilities	64,392	2,716	2,006	1,817	1,103	2,070	1,121	21,766	149,762	246,753
Off-balance sheet items	(1,349)	(3,906)	1,831	(3,925)	7,261	105	(17)	–	–	–
Interest rate repricing gap	(9,150)	(2,466)	3,614	6,087	13,562	2,531	(347)	(13,831)	–	–
Cumulative gap	(9,150)	(11,616)	(8,002)	(1,915)	11,647	14,178	13,831	–	–	–

46 Derivatives and other financial instruments (continued)

Non-trading currency risk

Non-trading currency risk exposure arises principally from the Group's investments in overseas branches and subsidiary and associated undertakings, principally in the United States, Japan and Europe.

The Group's structural currency exposures at 31st December 2000 were as follows:

Functional currency of the operation involved	Net investments in overseas operations		Borrowings which hedge the net investments		Remaining structural currency exposures	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
US dollar	628	627	619	620	9	7
Yen	109	87	–	56	109	31
Euro	3,090	2,752	2,671	2,264	419	488
Other non-sterling	480	394	129	48	351	346
Total	4,307	3,860	3,419	2,988	888	872

In accordance with Group policy, as at 31st December 2000 and 31st December 1999 there were no material net currency exposures in the non-trading book relating to transactional (or non-structural) positions that would give rise to net currency gains and losses recognised in the profit and loss account. Instruments used in hedging non-trading exposures are described in the Financial review on pages 54 and 55.

Daily value at risk

The Daily Value at Risk (DVAR) methodology of estimating potential losses arising from the Group's exposure to market risk is explained on pages 51 and 52. The models used in estimating potential losses are based on past movements and may not be indicative of future market conditions.

The following table shows an analysis of the trading market risk related DVAR for the Group as an average for the year and the high and low during the year.

	Year to 31st December 2000			Year to 31st December 1999		
	Average £m	High* £m	Low* £m	Average £m	High* £m	Low* £m
Interest rate risk	16.2	23.7	10.7	13.7	30.2	6.2
Foreign exchange risk	2.9	4.7	1.8	2.8	11.7	0.8
Equities risk	3.9	7.1	1.4	1.7	3.7	0.6
Commodities risk	1.4	3.5	0.9	1.2	2.2	0.5
Diversification effect	(6.9)			(3.3)		
Total DVAR	17.5	27.7	11.5	16.1	32.5	7.7

* The high (and low) DVAR figures reported for each category did not necessarily occur on the same day as the high (and low) DVAR reported as a whole. A corresponding diversification effect cannot be calculated and is therefore omitted from the above table.

The DVAR at 31st December 2000 was £19.0m, (1999 £20.2m).

Hedging

Non-trading derivatives are measured on an accruals basis, consistent with the assets, liabilities or positions being hedged. The gains and losses on these instruments (arising from changes in fair value) are not recognised in the profit and loss account immediately as they arise. Instead, they are either not recognised at all or are recognised and carried forward in the balance sheet. When the hedged transaction occurs, the gain or loss is recognised in the profit and loss account at the same time as the hedged item.

46 Derivatives and other financial instruments (continued)

The tables below summarise, firstly, the unrecognised gains and losses on hedges at 31st December 2000 and 31st December 1999 and the movements therein during the year, and, secondly, the deferred gains and losses on hedges carried forward in the balance sheet at 31st December 2000 and 31st December 1999, pending their recognition in the profit and loss account.

	Gains		Losses		Total net gains/(losses)	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
Unrecognised gains and losses on hedges						
At 1st January	655	1,406	(989)	(1,210)	(334)	196
(Gains)/losses arising in previous years that were recognised in 2000/1999	(194)	(767)	279	496	85	(271)
Brought forward gains/(losses) not recognised in 2000/1999	461	639	(710)	(714)	(249)	(75)
Gains/(losses) arising in 2000/1999 that were not recognised in 2000/1999	1,294	16	(999)	(275)	295	(259)
At 31st December	1,755	655	(1,709)	(989)	46	(334)
Of which:						
Gains/(losses) expected to be recognised in 2001/2000	669	218	(633)	(298)	36	(80)
Gains/(losses) expected to be recognised in 2002/2001 or later	1,086	437	(1,076)	(691)	10	(254)
Deferred gains and losses on hedges carried forward in the balance sheet						
At 1st January	44	65	(64)	(100)	(20)	(35)
Deferred (gains)/losses brought forward that were recognised in income in 2000/1999	(42)	(51)	38	56	(4)	5
Brought forward deferred gains/(losses) not recognised in 2000/1999	2	14	(26)	(44)	(24)	(30)
Gains/(losses) that became deferred in 2000/1999	18	30	(55)	(20)	(37)	10
At 31st December	20	44	(81)	(64)	(61)	(20)
Of which:						
Gains/(losses) expected to be recognised in income in 2001/2000	11	36	(40)	(28)	(29)	8
Gains/(losses) expected to be recognised in income in 2002/2001 or later	9	8	(41)	(36)	(32)	(28)

Where a non-trading derivative no longer represents a hedge because the underlying non-trading asset, liability or position has been de-recognised or transferred into a trading portfolio, it is restated at fair value and any resultant gains or losses taken directly to the profit and loss account. No such gains or losses were recognised in the year to 31st December 2000 (1999 £nil).

The disclosure of the fair value of financial instruments as required by FRS 13 is provided in note 47 on pages 122 to 124.

46 Derivatives and other financial instruments (continued)

Derivatives held or issued for trading purposes

The tables set out below analyse the notional principal amounts and fair values (which, after netting, are the book values) of trading instruments entered into with third parties.

	2000				
	Contract or underlying principal amount £m	Year-end positive fair value £m	Year-end negative fair value £m	Average positive fair value £m	Average negative fair value £m
Foreign exchange derivatives					
Forward foreign exchange	235,015	4,690	4,345	3,969	3,686
Currency swaps	109,342	3,929	4,362	3,656	4,193
OTC options bought and sold	78,298	892	978	823	836
OTC derivatives	422,655	9,511	9,685	8,448	8,715
Exchange traded futures – bought and sold	15,010	–	–	–	–
Exchange traded options – bought and sold	9,706	–	–	–	–
Total	447,371	9,511	9,685	8,448	8,715
Interest rate derivatives					
Swaps	1,140,887	18,528	18,023	14,825	14,818
Forward rate agreements	31,778	25	26	19	25
OTC options bought and sold	377,094	3,414	3,180	2,874	2,629
Other interest rate contracts	7	–	–	–	–
OTC derivatives	1,549,766	21,967	21,229	17,718	17,472
Exchange traded futures – bought and sold	460,158	–	–	–	–
Exchange traded options – bought and sold	71,701	–	–	–	–
Total	2,081,625	21,967	21,229	17,718	17,472
Equity and stock index derivatives					
OTC options bought and sold	21,791	1,115	1,754	1,153	1,386
Equity swaps and forwards	1,757	182	196	149	147
OTC derivatives	23,548	1,297	1,950	1,302	1,533
Exchange traded futures – bought and sold	414,305	–	–	–	–
Exchange traded options – bought and sold	41,556	–	–	–	–
Total	479,409	1,297	1,950	1,302	1,533
Commodity derivatives					
OTC options bought and sold	1,874	20	96	14	20
Commodity swaps and forwards	5,995	354	389	268	243
OTC derivatives	7,869	374	485	282	263
Exchange traded futures – bought and sold	13,398	141	147	235	243
Exchange traded options – bought and sold	452	5	6	6	6
Total	21,719	520	638	523	512
Total trading derivatives		33,295	33,502		
Effect of netting		(20,748)	(20,748)		
Allowable offset – cash collateral		(447)	(783)		
Balances arising from off-balance sheet financial instruments (see Other assets/Other liabilities, notes 25 and 31)		12,100	11,971		

The contract or underlying principal amount for interest rate swaps includes £6,891m relating to credit derivatives (1999 £3,816m).

Collateral held that reduced credit risk in respect of derivative instruments at 31st December 2000, but did not meet the offset criteria amounted to £267m (1999 £557m).

46 Derivatives and other financial instruments (continued)

	1999				
	Contract or underlying principal amount £m	Year-end positive fair value £m	Year-end negative fair value £m	Average positive fair value £m	Average negative fair value £m
Foreign exchange derivatives					
Forward foreign exchange	221,681	3,286	3,271	3,775	4,018
Currency swaps	82,350	3,261	3,812	2,756	3,301
OTC options bought and sold	55,675	631	500	699	772
OTC derivatives	359,706	7,178	7,583	7,230	8,091
Exchange traded futures – bought and sold	9,883	–	–	–	–
Exchange traded options – bought and sold	219	–	–	–	–
Total	369,808	7,178	7,583	7,230	8,091
Interest rate derivatives					
Swaps	882,871	13,587	13,338	14,717	14,383
Forward rate agreements	40,471	30	36	47	54
OTC options bought and sold	265,898	2,543	2,216	2,311	2,147
Other interest rate contracts	14	–	–	–	–
OTC derivatives	1,189,254	16,160	15,590	17,075	16,584
Exchange traded futures – bought and sold	234,586	–	–	–	–
Exchange traded options – bought and sold	36,848	–	–	–	–
Total	1,460,688	16,160	15,590	17,075	16,584
Equity and stock index derivatives					
OTC options bought and sold	24,447	1,882	2,350	1,617	2,045
Equity swaps and forwards	3,797	183	30	236	93
OTC derivatives	28,244	2,065	2,380	1,853	2,138
Exchange traded futures – bought and sold	34,920	–	–	–	–
Exchange traded options – bought and sold	71,749	154	238	277	422
Total	134,913	2,219	2,618	2,130	2,560
Commodity derivatives					
OTC options bought and sold	653	14	17	11	16
Commodity swaps and forwards	5,075	261	222	190	156
OTC derivatives	5,728	275	239	201	172
Exchange traded futures – bought and sold	10,634	364	398	329	339
Exchange traded options – bought and sold	753	14	11	6	6
Total	17,115	653	648	536	517
Total trading derivatives		26,210	26,439		
Effect of netting		(12,820)	(12,820)		
Balances arising from off-balance sheet financial instruments		13,390	13,619		

46 Derivatives and other financial instruments (continued)

Derivative financial instruments held for the purpose of managing non-trading exposures

The following table, which includes only the derivative components of the Group's hedging programme, summarises the nominal values, fair values and book values of derivatives held for the purpose of managing non-trading exposures. Included in the amounts below were £17,956m (1999 £6,998m) contract amount of foreign exchange derivatives and £92,680m (1999 £98,112m) of interest rate derivatives which were made for asset and liability management purposes with independently managed dealing units of the Group.

	2000					1999		
	Contract or underlying principal amount £m	Year-end positive fair value £m	Year-end negative fair value £m	Year-end positive book value £m	Year-end negative book value £m	Contract or underlying principal amount £m	Year-end Positive fair value £m	Year-end Negative fair value £m
Foreign exchange derivatives								
Forward foreign exchange	5,420	128	68	16	101	3,837	28	17
Currency swaps	16,470	640	277	531	123	6,103	386	25
OTC options bought and sold	2,589	43	1	43	1	25	-	-
OTC derivatives	24,479	811	346	590	225	9,965	414	42
Exchange traded options - bought and sold	-	-	-	-	-	1	-	-
Total	24,479	811	346	590	225	9,966	414	42
Interest rate derivatives								
Swaps	106,818	2,319	1,870	1,210	710	92,849	798	1,162
Forward rate agreements	8,161	8	10	3	2	9,106	12	8
OTC options bought and sold	471	-	-	-	-	187	-	-
OTC derivatives	115,450	2,327	1,880	1,213	712	102,142	810	1,170
Exchange traded futures - bought and sold	2,013	-	-	-	-	1,759	-	-
Exchange traded options - bought and sold	1,678	-	-	-	-	15	-	-
Total	119,141	2,327	1,880	1,213	712	103,916	810	1,170
Equity, stock index and commodity derivatives	8	2	-	2	-	44	4	-

The contract or underlying principal amount for interest rate swaps includes £7,205m relating to credit derivatives (1999 £4,082m).

At 31st December 1999 the total positive book value of derivatives held for the purposes of managing non-trading exposures was £1,008m. The total negative book value of such contacts at 31st December 1999 was £658m.

The nominal amounts of OTC foreign exchange derivatives held to manage the non-trading exposure of the Group analysed by currency and final maturity are as follows:

	2000				1999			
	One year or less £m	Over one year but not more than five years £m	Over five years £m	Total £m	One year or less £m	Over one year but not more than five years £m	Over five years £m	Total £m
£/euro	2,323	2,127	396	4,846	387	3,034	497	3,918
£/Yen	5,934	1,640	32	7,606	822	1,534	124	2,480
£/US Dollar	1,442	1,654	341	3,437	399	237	133	769
US Dollar/euro	204	6	-	210	548	10	-	558
US Dollar/Yen	238	3,505	191	3,934	55	44	188	287
US Dollar/South African Rand	502	-	-	502	393	-	-	393
US/Australian Dollar	340	-	-	340	-	-	-	-
Yen/euro	996	1,473	-	2,469	34	-	-	34
Other	974	134	27	1,135	1,370	77	79	1,526
Total	12,953	10,539	987	24,479	4,008	4,936	1,021	9,965

46 Derivatives and other financial instruments (continued)

Maturity of notional principal amounts as at 31st December 2000

At 31st December 2000 the notional principal amounts, by residual maturity, of the Group's trading and non-trading derivatives were as follows:

	One year or less £m	Over one year but not more than five years £m	Over five years £m	Total £m
Foreign exchange derivatives				
Forward foreign exchange	231,374	8,569	492	240,435
Currency swaps	32,233	61,514	32,065	125,812
OTC options bought and sold	70,755	9,640	492	80,887
OTC derivatives	334,362	79,723	33,049	447,134
Exchange traded futures – bought and sold	15,010	–	–	15,010
Exchange traded options – bought and sold	9,706	–	–	9,706
Total	359,078	79,723	33,049	471,850
Interest rate derivatives				
Swaps	276,652	550,647	420,406	1,247,705
Forward rate agreements	32,884	7,055	–	39,939
OTC options bought and sold	108,792	188,503	80,270	377,565
Other interest rate contracts	–	7	–	7
OTC derivatives	418,328	746,212	500,676	1,665,216
Exchange traded futures – bought and sold	357,147	105,024	–	462,171
Exchange traded options – bought and sold	73,379	–	–	73,379
Total	848,854	851,236	500,676	2,200,766
Equity and stock index derivatives				
OTC options bought and sold	8,934	12,605	260	21,799
Equity swaps and forwards	1,757	–	–	1,757
OTC derivatives	10,691	12,605	260	23,556
Exchange traded futures – bought and sold	353,062	61,243	–	414,305
Exchange traded options – bought and sold	36,021	5,535	–	41,556
Total	399,774	79,383	260	479,417
Commodity derivatives				
OTC options bought and sold	1,612	252	10	1,874
Commodity swaps and forwards	4,928	1,061	6	5,995
OTC derivatives	6,540	1,313	16	7,869
Exchange traded futures – bought and sold	11,425	1,973	–	13,398
Exchange traded options – bought and sold	452	–	–	452
Total	18,417	3,286	16	21,719

46 Derivatives and other financial instruments (continued)

Maturity of notional principal amounts as at 31st December 1999

	One year or less £m	Over one year but not more than five years £m	Over five years £m	Total £m
Foreign exchange derivatives				
Forward foreign exchange	222,068	3,450	–	225,518
Currency swaps	22,113	46,231	20,109	88,453
OTC options bought and sold	54,226	1,340	134	55,700
OTC derivatives	298,407	51,021	20,243	369,671
Exchange traded futures – bought and sold	9,883	–	–	9,883
Exchange traded options – bought and sold	220	–	–	220
Total	308,510	51,021	20,243	379,774
Interest rate derivatives				
Swaps	237,848	437,404	300,468	975,720
Forward rate agreements	45,319	4,258	–	49,577
OTC options bought and sold	69,359	147,262	49,464	266,085
Other interest rate contracts	14	–	–	14
OTC derivatives	352,540	588,924	349,932	1,291,396
Exchange traded futures – bought and sold	210,360	25,985	–	236,345
Exchange traded options – bought and sold	36,863	–	–	36,863
Total	599,763	614,909	349,932	1,564,604
Equity and stock index derivatives				
OTC options bought and sold	9,599	14,779	113	24,491
Equity swaps and forwards	3,084	39	674	3,797
OTC derivatives	12,683	14,818	787	28,288
Exchange traded futures – bought and sold	34,782	138	–	34,920
Exchange traded options – bought and sold	70,561	388	800	71,749
Total	118,026	15,344	1,587	134,957
Commodity derivatives				
OTC options bought and sold	392	210	51	653
Commodity swaps and forwards	4,335	735	5	5,075
OTC derivatives	4,727	945	56	5,728
Exchange traded futures – bought and sold	10,038	596	–	10,634
Exchange traded options – bought and sold	742	11	–	753
Total	15,507	1,552	56	17,115

46 Derivatives and other financial instruments (continued)

Maturity and counterparty analyses of net replacement cost

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arm's length transaction, calculated at market rates current at the balance sheet date. The totals of positive and negative fair values arising on trading derivatives at the balance sheet date have been netted where the Group has a legal right of offset with the relevant counterparty. The total positive fair value after permitted netting equates to net replacement cost.

The residual maturity and counterparty analyses of the net replacement cost of OTC and non-margined exchange traded derivatives held for trading and non-trading purposes at 31st December 2000 and 31st December 1999 are as follows:

	2000				1999			
	Not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m	Not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
Foreign exchange derivatives	3,806	1,384	576	5,766	3,196	901	480	4,577
Interest rate derivatives	267	2,298	3,071	5,636	602	2,180	3,228	6,010
Equity and stock index derivatives	339	311	3	653	870	1,331	21	2,222
Commodity derivatives	375	42	3	420	576	46	2	624
	4,787	4,035	3,653	12,475	5,244	4,458	3,731	13,433
Net replacement cost analysed by counterparty as follows:								
Central banks				758				734
Banks, building societies and other financial institutions				7,969				9,340
Other corporate and public bodies				3,748				3,359
				12,475				13,433

47 Fair values of financial instruments

Financial instruments include both financial assets and financial liabilities and also derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Wherever possible, the Group has estimated fair value using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by the Group. In certain cases, however, including loans and advances to customers, no ready markets currently exist in the UK wherein exchanges between willing parties occur. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be.

These estimation techniques are necessarily subjective in nature and involve several assumptions. There have been no significant changes in the estimation techniques or the methodology used compared with that used at 31st December 1999 with the exception of the methods employed to calculate the fair value of loans and advances to customers, as described in note (d) to the following table.

Because a variety of estimation techniques are employed and significant estimates made, comparisons of fair values between financial institutions may not be meaningful. Readers of these accounts are thus advised to use caution when using this data to evaluate the Group's financial position.

Fair value information is not provided for items that do not meet the definitions of a financial instrument. These items include short terms debtors and creditors, intangible assets such as the value of the Group's branch network, the long-term relationships with depositors (core deposit intangibles), premises and equipment and shareholders' equity. These items are material and accordingly the fair value information presented does not purport to represent, nor should it be construed to represent, the underlying value of the Group as a going concern at 31st December 2000.

The following table shows the carrying amount and the fair value of the Group's financial instruments analysed between trading and non-trading assets and liabilities.

47 Fair values of financial instruments (continued)

	Note	2000 Carrying amount £m	2000 Fair value £m	1999 Carrying amount £m	1999 Fair value £m
Trading					
Assets					
Treasury bills and other eligible bills	(a)	2,623	2,623	2,665	2,665
Loans and advances to banks (including reverse repurchase agreements)	(a)	26,856	26,856	26,555	26,555
Loans and advances to customers (including reverse repurchase agreements)	(a)	23,687	23,687	21,562	21,562
Debt securities	(a)	32,402	32,402	23,755	23,755
Equity shares	(a)	3,818	3,818	5,425	5,425
Derivatives (see analysis in note 46)	(b)	12,100	12,100	13,390	13,390
London Metal Exchange warrants and other metals trading positions (see note 25)	(a)	1,001	1,001	331	331
Liabilities					
Deposits by Banks and customers accounts (including repurchase agreements)	(a)	35,927	35,927	36,510	36,510
Short positions in securities (see note 31)	(a)	21,201	21,201	16,813	16,813
Derivatives (see analysis in note 46)	(b)	11,971	11,971	13,619	13,619
Non trading					
Assets					
Cash and balances at central banks	(a)	1,243	1,243	1,166	1,166
Items in course of collection from other banks	(a)	2,509	2,509	2,492	2,492
Treasury bills and other eligible bills	(a)	2,941	2,941	4,511	4,511
Loans and advances to banks	(c)	9,570	9,600	13,071	13,100
Loans and advances to customers	(d)	138,423	139,000	95,006	95,800
Debt securities	(e)	38,368	38,719	30,164	30,196
Equity shares	(e)	244	295	179	206
Derivatives (see analysis in note 46)	(b)	1,805	3,140	1,008	1,228
Liabilities					
Deposits by Banks and customers accounts	(f)	172,797	172,700	131,942	131,900
Debt securities in issue	(g)	31,883	31,971	23,329	23,334
Items in course of collection due to other banks	(a)	1,176	1,176	1,400	1,400
Undated loan capital	(h)	2,672	2,661	1,749	1,669
Dated loan capital	(h)	3,698	3,701	2,848	2,869
Non-equity minority and other interests and shareholders' funds	(i)	1,492	1,554	270	277
Derivatives (see analysis in note 46)	(b)	937	2,226	658	1,212

Notes:

(a) Financial assets and financial liabilities where fair value approximates carrying value because they are either (i) carried at market value or (ii) have minimal credit losses and are either short-term in nature or repriced frequently.

(b) Derivatives held for trading purposes are carried at fair value. Derivatives held for non-trading purposes are accounted for in accordance with the accounting treatment of the underlying transaction or transactions being hedged. The fair value of these instruments is estimated using market prices or pricing models consistent with the methods used for valuing similar instruments used for trading purposes.

(c) Within this calculation, the fair value for placings to banks was estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by other financial institutions for placings with similar characteristics.

(d) The Group provides lending facilities of varying rates and maturities to corporate and personal customers. In estimating the fair value of such instruments, the fair value of personal and corporate loans subject to variable interest rates is considered to approximate the carrying value, in view of the unrestricted ability to prepay. The fair value of such instruments subject to fixed interest rates was estimated by discounting cash flows at appropriate rates and making adjustments for credit risks, servicing costs and cost of capital.

47 Fair values of financial instruments (continued)

(e) The valuation of listed securities and investments is at mid-market prices and that of unlisted securities and investments is based on the Directors' estimate, which takes into consideration discounted cash flows, price earnings ratios and other suitable valuation techniques.

(f) Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate to their carrying value. The fair value of all other deposits and other borrowings was estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the Group for deposits of similar remaining maturities.

(g) Fair values of short-term debt securities in issue are approximately equal to their carrying amount. Fair values of other debt securities in issue are based on quoted prices where available, or where these are unavailable, are estimated using other valuation techniques.

(h) The estimated fair values for dated and undated convertible and non-convertible loan capital were based upon quoted market rates for the issue concerned or equivalent issues with similar terms and conditions.

(i) The fair value of non-equity minority and other interests and shareholders' funds was calculated using quoted market prices.

48 Legal proceedings

Barclays is party to various legal proceedings, the ultimate resolution of which is not expected to have a material adverse effect on the financial position of the Group.

49 Post balance sheet events

On 16th January 2001 Barclays PLC and Legal & General Group Plc (Legal & General) announced their intention to form a strategic alliance under which Barclays Bank PLC would, subject to regulatory approval, sell Legal & General branded life, pension and investment products through its UK distribution network.

As a result it is intended that:

- » From 6th April 2001 and subject to the implementation of the FSA's proposals to relax the current polarisation regime, Legal & General will make available to Barclays for distribution to its customers, a stakeholder pension product, along with certain non-regulated group life and related products for business customers.
- » Within the next 18 months, the administration and unit trust management of the existing Barclays Funds unit trusts (including the b2 funds but excluding the Barclays Global Investors branded funds) will be transferred to Legal & General, subject to regulatory and trustee approval.
- » In the second half of 2001 and subject to FSA approval, Barclays intends to offer its customers the full range of Legal & General's life, pension and fund products.
- » Barclays Life, Barclays Funds and b2 will cease to seek new customers in the second half of 2001.
- » Barclays Life's existing business will be retained and managed as a closed book. Existing customers of Barclays Life will still be able to make contributions to their Barclays Life pension policy, which will continue to be managed on their behalf.

From 1st January 2001, following the completion of management changes, the Group considers itself to exert dominant influence so that it has control over the operations of Banco Barclays e Galicia SA and consequently from that date the entity will be consolidated as a subsidiary in accordance with Financial Reporting Standard 2.

50 Reconciliation of operating profit to net cash flow from operating activities

	2000 £m	1999 £m	1998 £m
Operating profit	3,290	2,607	1,863
Provisions for bad and doubtful debts	817	621	492
Depreciation and amortisation	302	276	270
Net increase/(decrease) in accrued expenditure and prepayments	188	(149)	(719)
Provisions for contingent liabilities and commitments	(1)	1	76
Other provisions for liabilities and charges	313	445	79
Interest on dated and undated loan capital	335	263	244
Increase in shareholders' interest in the long-term assurance fund	(165)	(32)	(95)
Profit on redemption/repurchase of loan capital	(2)	(3)	(3)
Net decrease/(increase) in net interest and commission receivable	369	691	(23)
Net profit on disposal of investments and fixed assets	(60)	(51)	(106)
Other non-cash movements	35	7	53
	5,421	4,676	2,131
Net change in items in course of collection	(241)	96	(311)
Net increase/(decrease) in other credit balances	1,857	516	(4,253)
Net (increase)/decrease in loans and advances to banks and customers	(7,942)	(23,862)	8,652
Net increase/(decrease) in deposits and debt securities in issue	13,611	32,100	(14,958)
Net decrease/(increase) in other assets	1,235	(307)	3,215
Net (increase)/decrease in debt securities and equity shares	(7,079)	(1,922)	3,642
Net decrease/(increase) in treasury and other eligible bills	1,676	(2,462)	777
Other non-cash movements	(52)	88	(232)
Net cash inflow/(outflow) from operating activities	8,486	8,923	(1,337)

51 Sale of Group undertakings during the year

	2000 £m	1999 £m	1998 £m
Goodwill written off	–	154	12
Advances and other accounts	949	1,549	1,561
Deposits and other borrowings	(849)	(1,400)	(829)
Net assets disposed of	100	303	744
Net profit/(loss) on disposal	207	(138)	(51)
	307	165	693
Amounts not yet settled (including deferred consideration)	–	9	(3)
Settled by net cash received	307	174	690

52 Changes in financing during the year

The following table does not include a further £291m paid in respect of the repurchase of 20m ordinary shares.

	Undated loan capital £m	Dated loan capital £m	Ordinary shares £m	Barclays Bank PLC preference shares £m	Share premium £m	Barclays Bank PLC reserve capital instruments £m
Barclays PLC						
At beginning of year	1,749	2,848	1,495	270	1,583	–
Exchange rate and other movements	73	96	–	21	–	–
Profit on redemption/repurchase of loan capital	(2)	–	–	–	–	–
Acquisition of The Woolwich	187	770	177	–	3,182	–
Net cash (outflow)/inflow from financing	665	(16)	(10)	(149)	185	1,350
At end of year	2,672	3,698	1,662	142	4,950	1,350

53 Analysis of cash balances

	31.12.00 £m	Change £m	31.12.99 £m	Change £m	31.12.98 £m	Change £m	31.12.97 £m
Cash and balances at central bank	1,243	77	1,166	224	942	192	750
Loans and advances to other banks repayable on demand	2,094	1,127	967	(207)	1,174	266	908
	3,337	1,204	2,133	17	2,116	458	1,658

	2000 £m		1999 £m		1998 £m	
Balance at beginning of year		2,133		2,116		1,658
Net increase in cash before the effect of exchange rate movements	1,225		78		457	
Effect of exchange rate movements	(21)		(61)		1	
		1,204		17		458
Balance at end of year		3,337		2,133		2,116

54 Analysis of the net outflow/(inflow) of cash in respect of the acquisition of subsidiary undertakings

	2000 £m	1999 £m	1998 £m
Cash consideration, including acquisition expenses	2,494	66	74
Cash at bank and in hand acquired	(73)	(126)	(4)
Net outflow/(inflow) of cash in respect of the purchase of subsidiary undertakings	2,421	(60)	70

55 Acquisitions

The Group made the following significant acquisitions of subsidiary undertakings in 2000 which are accounted for on an acquisition basis:

	% Acquired	Date
Woolwich plc	100	25th October 2000

The assets and liabilities of Woolwich plc at the date of acquisition and the total consideration paid are set out in the following table:

Woolwich plc	Book Value £m	Revaluations £m	Accounting policy alignments £m	Other adjustments £m	Fair value £m
Assets					
Cash and balances at central banks	73	–	–	–	73
Loans and advances to banks	916	–	–	–	916
Loans and advances to customers	31,952	136	–	–	32,088
Debt securities	2,010	140	–	–	2,150
Investment in joint ventures:					
– share of gross assets	12	–	–	–	12
– share of gross liabilities	(6)	–	–	–	(6)
Interests in associates	11	–	–	–	11
Intangible fixed assets	33	–	–	(33)	–
Tangible fixed assets	320	(10)	(46)	–	264
Other assets	258	(2)	–	–	256
Prepayments and accrued income	344	76	(78)	–	342
	35,923	340	(124)	(33)	36,106
Long term assurance policy holders' assets	730	–	–	–	730
	36,653	340	(124)	(33)	36,836
Liabilities					
Deposits by banks	2,487	–	–	–	2,487
Customer accounts	21,279	12	–	–	21,291
Debt securities in issue	8,316	(5)	–	–	8,311
Other liabilities	257	33	(12)	–	278
Accruals and deferred income	854	56	–	–	910
Provisions for liabilities and charges	26	122	(27)	–	121
Subordinated liabilities	833	124	–	–	957
Less minority interests – equity	19	–	–	–	19
	34,071	342	(39)	–	34,374
Long term assurance policy holders' liabilities	730	–	–	–	730
	34,801	342	(39)	–	35,104
Net assets	1,852	(2)	(85)	(33)	1,732
Satisfied by:					
Consideration					
Cash					2,462
Shares (a)					3,359
Acquisition expenses					32
					5,853
Goodwill arising (b)					4,121

(a) The value of the 176.4m new Barclays ordinary shares issued to The Woolwich ordinary shareholders, based on the closing price on the London Stock Exchange on 25th October 2000, the day the offer for The Woolwich became effective, was 1,904p per Barclays ordinary share.

(b) The goodwill arising on acquisition is being amortised over its estimated economic life of 20 years, resulting in a charge of £206m per annum.

55 Acquisitions (continued)

Included in the balance sheet above were £1m of provisions for reorganisation costs and restructuring costs in the period up to 25th October 2000.

The fair value adjustments in the above table principally represent the following:

- » Revaluations resulting from adjusting financial instruments to a fair value based on quoted market prices or discounted cashflow methodologies, recording the liability for the deficit on The Woolwich pension scheme and any related current or deferred tax adjustments.
- » Accounting policy alignments, resulting from applying Barclays PLC Group accounting policies on mortgage incentives and software costs and any related current or deferred tax adjustments. The Woolwich previously capitalised and amortised such costs, they are now expensed as incurred.
- » Other adjustment relating to elimination of goodwill present in The Woolwich's consolidated accounts.

Pre acquisition activities

The table below sets out the summarised profit and loss account and statement of total recognised gains and losses of The Woolwich for the period 1st January to 24th October 2000 prepared using the accounting policies described in its 1999 Annual Report amended for the change in policy for accounting for introducer commissions described in the 2000 interim results.

	1st January to 24th October 2000 £m
Summarised profit and loss account	
Interest receivable and similar income arising from debt securities	105
Other interest receivable and similar income	1,827
Interest receivable	1,932
Interest payable	(1,371)
Net interest income	561
Fees and commissions receivable	251
Fees and commissions payable	(27)
Other operating income	47
Operating income	832
Administrative expenses – staff costs	(144)
Administrative expenses – other	(230)
Depreciation and amortisation	(41)
Operating profit before provisions	417
Provisions for bad and doubtful debts	(35)
Operating profit	382
Share of operating loss in joint ventures	(2)
Profit before taxation	380
Tax	(103)
Profit after tax	277
Minority interests	(3)
Profit attributable to the members of Woolwich plc	274

Operating profit is after charging costs of £28m relating to the acquisition by Barclays.

	1st January to 24th October 2000 £m
Statement of total recognised gains and losses	
Profit for the period attributable to the members of Woolwich plc	274
Exchange rate translation differences	(8)
Total recognised gains and losses for the period	266
Prior year adjustment	6
Total gains recognised since 31st December 1999	272

Profit after tax and minority interests for The Woolwich as reported in the audited consolidated accounts for the year ended 31st December 1999 was £351m.

55 Acquisitions (continued)

Post acquisitions results

The impact of the acquisition of The Woolwich on the operating profits of the Group was as follows:

25th October to
31st December
2000
£m

Summarised profit and loss account

Interest receivable and similar income arising from debt securities	21
Other interest receivable and similar income	433
Interest receivable	454
Interest payable	(335)
Net interest income	119
Fees and commissions receivable	63
Fees and commissions payable	(14)
Other operating income	9
Operating income	177
Administrative expenses – staff costs	(42)
Administrative expenses – other	(47)
Depreciation and amortisation	(10)
Operating profit before provisions	78
Provisions for bad and doubtful debts	(8)
Operating profit	70
Amortisation of fair value adjustments	(6)
Operating profit after fair value amortisation	64

The amortisation of fair value adjustments comprise £7m operating income and £1m depreciation and amortisation (net £6m).

Proforma results of the Barclays Group (including The Woolwich)

Assuming the acquisition occurred on 1st January 2000 (for 1999 on 1st January 1999), and on the basis of Barclays Group accounting policies and estimates, making adjustments to reflect

- (i) the removal of business disposals during the relevant reporting period,
- (ii) the net interest forgone if the cash element of the acquisition and the cash proceeds of disposals had been paid/received at the start of the relevant reporting period,
- (iii) amortisation of the goodwill balance of £4,121m over its estimated economic life of 20 years,
- (iv) the exclusion of incremental costs incurred by The Woolwich in relation to the acquisition,

the Barclays Group would have reported operating income of £10,248m (1999 £9,091m), operating profit and profit before tax of £3,313m (1999 £2,695m) and a basic earnings per share figure of 134.7p (1999 111.6p).

The earnings per share figure assumes the shares issued in relation to the acquisition were issued on 1st January 2000 (for 1999 on 1st January 1999).

56 Related party transactions

a) Subsidiary undertakings

Details of the principal subsidiary undertakings are shown in note 44. In accordance with FRS 8, transactions or balances between Group entities that have been eliminated on consolidation are not reported.

b) Associated undertakings and joint ventures

The Group provides certain banking and financial services for associated undertakings and joint ventures. These are conducted on similar terms to third party transactions and are not material to the Group's results. Details of lendings to associated undertakings and joint ventures are set out in note 21.

Edotech Limited, an associated undertaking, has provided printing services to the Group from May 2000. The cost of these services provided in the year was £10.7m. There were no balances outstanding at the year end.

Intelligent Processing Systems Limited (IPSL) is a joint venture between the Group, Lloyds TSB Bank PLC and Unisys Limited. The Bank has outsourced its cheque processing services to IPSL. The cost of these core services to the Barclays Group in the UK provided in the year was £9.5m. There were no balances outstanding at the year end.

The Group has provided IndigoSquare Limited, a Barclaycard branded internet shopping portal joint venture launched on 11th October 2000, with administrative services. The cost of transactions and the outstanding balances at the year end included in sundry debtors are £4.9m. IndigoSquare has a licensing agreement with the Bank that permits the use of certain trademarks owned by Barclays with the prior approval of the Bank.

Gresham Insurance Company Limited (Gresham) became an associated undertaking following the acquisition of The Woolwich. The arrangement enables Gresham to underwrite major household insurances provided to customers of The Woolwich. Underwriting payments made to Gresham during the year were £49.3m and balances outstanding of £9.3m are included in sundry creditors.

Global Home Loans Limited (GHL) became a joint venture following the acquisition of The Woolwich. The Woolwich is engaged in transactions where the origination and processing activities of its mortgages are outsourced to GHL and its subsidiaries. The fees payable to GHL during the year were £40.4m after taking into account payments made by The Woolwich as agent of GHL for salaries and other expenses £4.5m was owed by GHL at the year end and is included in sundry debtors.

c) Pension funds, unit trusts and investment funds

The Group provides a number of normal banking and financial services for the Barclays Bank pension funds (principally the UK Retirement Fund), and also for unit trusts and investment funds managed by Group companies which are conducted on similar terms to third party transactions and are not material to the Group.

d) Directors

Details of Directors' emoluments are set out in note 57 and in the Corporate governance section on pages 68 to 72. Details of transactions between Directors and the Group are set out in note 59.

In the ordinary course of business the Bank makes loans to companies where a Director or officer is also a Director of Barclays. These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. In addition, F.I GROUP PLC, of which Hilary Cropper CBE is Executive Chairman, provides software support and development resource capability to the Group. The total value of these transactions for the years ending 31 December 2000, 1999 and 1998 was £15.5m, £10.3m and £9.9m respectively.

57 Directors' emoluments and other benefits

The aggregate emoluments and other benefits of the Directors of Barclays PLC set out below are disclosed in accordance with Part I of Schedule 6 to the Companies Act 1985.

	2000 £000	1999 £000
Aggregate emoluments	5,406	7,372
Gains made on the exercise of share options	–	1,369
Amounts paid under long-term incentive schemes	447	1,006
Compensation for loss of office	1,630	–
Notional pension contributions to money purchase schemes (2000 2 Directors and 1999 3 Directors)	567	179

3 Directors are accruing retirement benefits under a defined benefit scheme (1999 2 directors). In addition, pensions in respect of management services of former Directors amount to £nil (1999 £45,017).

Of the figures in the table above, the amounts attributable to the highest paid Director (2000 Matthew Barrett, 1999 Sir Peter Middleton) are as follows:

	2000 £000	1999 £000
Aggregate emoluments	2,018	1,759
Notional pension contribution to money purchase schemes	425	–

Further information on Directors' emoluments, shareholdings, options and awards is given in the Corporate governance section on pages 66 to 73.

58 Directors' and officers' shareholding and options

Details of Directors' share interests and options are given in the Corporate governance section on pages 70 to 73.

The beneficial ownership of the ordinary share capital of Barclays PLC by all Directors and officers of Barclays PLC (involving 22 persons) and Barclays Bank PLC (involving 23 persons) at 31st December 2000 amounted to 304,204 ordinary shares of £1 each (0.01% of ordinary share capital outstanding).

Executive Directors and officers of Barclays PLC as a group (involving 13 persons) held, at 31st December 2000, options to purchase 1,515,777 Barclays PLC ordinary shares of £1 each at prices ranging from 628p to 1,426p under the SAYE Share Option Scheme, and ranging from 704p to 1,782p and 1,563p under the Executive Share Option Scheme and Incentive Share Option Plan, respectively, and ranging from 1,317p to 1,690p under The Woolwich ESOP, exercisable in the period from 2001 to 2010.

59 Contracts with Directors and connected persons and with senior executives

The aggregate amounts outstanding at 31st December 2000 under transactions, arrangements and agreements made by authorised institutions within the Group for persons who are, or were during the year, Directors of Barclays PLC and persons connected with them and for senior executives, within the meaning of the Banking Act 1987, of Barclays Bank PLC were:

	Number of Directors or Senior executives	Number of connected persons	Amount £000
Directors			
Loans	4	1	40
Quasi-loans and credit card accounts	11	5	360
Senior executives			
Loans	29	–	4,048
Quasi-loans and credit card accounts	35	–	153

There are no transactions, arrangements or agreements with Barclays PLC or its subsidiary undertakings in which Directors, or persons connected with them, or senior executives of Barclays Bank PLC had a material interest and which are disclosable under the relevant provisions of the Companies Act 1985, other than options to subscribe for Barclays PLC ordinary shares as described in note 58.

60 Segmental analysis

By geographical segments (a, b)	2000		1999		1998	
	£m	%	£m	%	£m	%
Interest receivable						
UK	8,567	73	6,808	73	7,150	72
Foreign UK-based	689	6	474	5	645	7
Other European Union	770	7	732	8	832	8
United States	1,001	8	702	8	653	7
Rest of the World	761	6	604	6	632	6
	11,788	100	9,320	100	9,912	100
Fees and commissions receivable						
UK	2,540	69	2,298	72	2,168	72
Foreign UK-based	54	1	87	2	104	3
Other European Union	262	7	226	7	227	8
United States	461	13	347	11	281	9
Rest of the World	372	10	249	8	228	8
	3,689	100	3,207	100	3,008	100
Dealing profits						
UK	534	79	381	68	11	(26)
Foreign UK-based	65	10	70	13	(70)	166
Other European Union	1	–	(6)	(1)	(5)	12
United States	28	4	81	15	–	–
Rest of the World	49	7	30	5	22	(52)
	677	100	556	100	(42)	100
Other operating income						
UK	211	54	83	32	176	59
Foreign UK-based	16	4	1	–	16	5
Other European Union	152	38	156	61	73	25
United States	9	2	6	2	27	9
Rest of the World	9	2	12	5	6	2
	397	100	258	100	298	100
Gross income (f)						
UK	11,852	72	9,570	72	9,505	72
Foreign UK-based	824	5	632	5	695	5
Other European Union	1,185	7	1,108	8	1,127	9
United States	1,499	9	1,136	8	961	7
Rest of the World	1,191	7	895	7	888	7
	16,551	100	13,341	100	13,176	100
Profit/(loss) on ordinary activities before tax						
UK	2,720	78	1,625	66	1,543	82
Foreign UK-based	47	1	247	10	(64)	(3)
Other European Union	395	11	313	13	232	13
United States	105	3	131	5	67	3
Rest of the World	229	7	139	6	104	5
	3,496	100	2,455	100	1,882	100
Attributable profit/(loss)						
UK	2,136	86	1,207	69	1,107	84
Foreign UK-based	(93)	(4)	156	9	(71)	(5)
Other European Union	271	11	262	15	213	16
United States	25	1	71	4	21	2
Rest of the World	134	6	63	3	47	3
	2,473	100	1,759	100	1,317	100

60 Segmental analysis (continued)

	2000		1999		1998	
	£m	%	£m	%	£m	%
Total assets						
UK	212,115	67	154,977	61	140,428	64
Foreign UK-based	21,984	7	16,795	7	14,018	6
Other European Union	20,009	6	17,017	7	18,490	9
United States	38,662	12	39,536	15	24,886	11
Rest of the World	23,420	8	26,468	10	21,672	10
	316,190	100	254,793	100	219,494	100
Net assets						
UK	11,954	81	6,720	76	6,128	75
Foreign UK-based	415	3	390	5	440	5
Other European Union	540	4	458	5	468	6
United States	1,236	8	902	10	758	9
Rest of the World	642	4	365	4	362	5
	14,787	100	8,835	100	8,156	100
By class of business (a), (b), (g)						
Net interest income						
Retail Financial Services	2,761	54	2,471	53	2,390	55
Barclaycard	548	11	488	11	435	10
Corporate Banking (e)	1,324	26	1,252	27	1,174	27
Barclays Capital	483	9	400	9	417	10
Barclays Global Investors	10	–	6	–	9	–
Businesses in transition	–	–	–	–	(1)	–
Other (c)	29	–	10	–	(113)	(2)
	5,155	100	4,627	100	4,311	100
Non interest income						
Retail Financial Services (e)	1,759	40	1,487	40	1,437	48
Barclaycard	521	12	480	13	456	15
Corporate Banking	746	17	691	18	616	20
Barclays Capital	979	22	752	20	162	5
Barclays Global Investors	434	9	319	8	278	9
Businesses in transition	–	–	–	–	31	1
Other (c)	6	–	143	4	162	5
Inter business class income included above	(2)	–	(126)	(3)	(107)	(3)
	4,443	100	3,746	100	3,035	100
Total income (f)						
Retail Financial Services (e)	4,520	47	3,958	47	3,827	52
Barclaycard	1,069	11	968	12	891	12
Corporate Banking (e)	2,070	22	1,943	23	1,790	24
Barclays Capital	1,462	15	1,152	14	579	8
Barclays Global Investors	444	5	325	4	287	4
Businesses in transition	–	–	–	–	30	–
Other (c)	35	–	153	2	49	1
Inter business class income included above	(2)	–	(126)	(2)	(107)	(1)
	9,598	100	8,373	100	7,346	100

60 Segmental analysis (continued)

	2000		1999		1998	
	£m	%	£m	%	£m	%
Profit/(loss) on ordinary activities before tax						
Retail Financial Services (e)	1,710	49	1,312	53	1,142	61
Barclaycard	418	11	401	16	334	18
Corporate Banking (e)	1,070	31	947	39	951	50
Barclays Capital	403	12	311	13	(281)	(15)
Barclays Global Investors	65	2	43	2	51	3
Businesses in transition	–	–	–	–	15	1
Other (c)	(94)	(3)	(64)	(3)	(239)	(13)
Unallocated items (d)	(76)	(2)	(495)	(20)	(91)	(5)
	3,496	100	2,455	100	1,882	100
Total assets						
Retail Financial Services	80,128	25	41,383	16	39,955	18
Barclaycard	8,705	3	7,343	3	6,195	3
Corporate Banking	52,869	17	47,422	19	45,341	21
Barclays Capital	156,869	50	144,807	57	114,706	52
Barclays Global Investors	259	–	232	–	183	–
Businesses in transition	–	–	–	–	554	–
Other (c)	4,380	1	5,383	2	5,279	3
Goodwill	4,269	1	183	–	196	–
Retail life-fund attributable to policy holders	8,711	3	8,040	3	7,085	3
	316,190	100	254,793	100	219,494	100
Net assets						
Retail Financial Services	6,756	45	2,244	25	2,159	26
Barclaycard	475	3	372	4	327	5
Corporate Banking	3,193	22	2,614	30	2,379	29
Barclays Capital	2,884	20	2,485	28	2,315	29
Barclays Global Investors	334	2	344	4	254	3
Businesses in transition	–	–	–	–	35	–
Other (c)	1,145	8	776	9	687	8
	14,787	100	8,835	100	8,156	100

Notes
(a) The analyses above are for Barclays PLC. Figures for attributable profit differ for Barclays Bank PLC and are shown on page 164.

(b) Basis of geographical and class of business analysis – see Analyses by geographical segments and classes of business on page 79.

(c) The term 'Other' covers (i) Other operations and (ii) Head office functions.

(d) 'Unallocated items' in 2000 consist of (i) Goodwill amortisation £51m (1999 £13m, 1998 £12m), (ii) Profit/(loss) on disposal of Group undertakings £214m (1999 £108m, 1998 £4m), (iii) Restructuring charge £232m (1999 £344m, 1998 £nil), (iv) Integration costs £7m (1999 and 1998 £nil), (v) settlement of Atlantic litigation £nil (1999 £nil, 1998 £76m), (vi) Loss on sale or restructuring of BZW £nil (1999 £30m, 1998 £3m) and (vii) write-down of fixed asset investments £nil (1999 £nil, 1998 £4m).

(e) Figures for Retail Financial Services and Corporate Banking include respectively the life-fund charge and write-down of leases arising from the relevant 1997 and 1998 Finance Acts.

(f) Gross income for geographical disclosure includes interest receivable, fees and commissions receivable, dealing profits and other operating income. Total income for class of business disclosure analyses operating income from the profit and loss account.

(g) From 1st January 2000, Barclaycard became a separate business unit to reflect the fact that the business was managed as a separate element from that date. Its results and assets were previously reported within Retail Financial Services.

61 Differences between UK GAAP and US GAAP accounting principles

The accounts presented in this report have been prepared in accordance with accounting principles generally accepted in the UK (UK GAAP). Such principles vary in significant respects from those generally accepted in the United States (US GAAP). Preparing the financial statements requires the use of management's estimates. The significant differences applicable to the Group's accounts are summarised below.

UK GAAP

Goodwill

Goodwill arising on acquisitions of subsidiary and associated undertakings and joint ventures is capitalised and amortised through income over its expected life (with a maximum of 20 years). Capitalised goodwill is written off when judged to be irrecoverable. There is therefore no UK/US GAAP difference for goodwill arising since the introduction of FRS 10 during 1998 except to the extent the value of goodwill calculated under the two regimes differs. However, in the event of a subsequent disposal, any goodwill previously charged directly against reserves under Statement of Standard Accounting Practice (SSAP 22) will be written back and reflected in the profit or loss on disposal.

Core deposit intangibles

Under UK GAAP the value of depositor relationships is not considered to be a separately identifiable asset.

Pension cost

In respect of defined benefit schemes, pension fund assets are assessed actuarially at the present value of the expected future investment income, which is consistent with SSAP 24. Most liabilities are discounted at a long-term interest cost and variations from regular cost are spread over the average remaining service lives of current employees.

For defined contribution schemes the net pension cost for a period is the contribution called for in that period in accordance with SSAP 24.

Post-retirement benefits

Post-retirement health care liabilities are assessed actuarially on a similar basis to pension liabilities under SSAP 24 and are discounted at a long-term rate. Variations from regular cost are expressed as a percentage of payroll and spread over the average remaining service lives of current eligible employees.

US GAAP

Goodwill is capitalised and amortised through income over the period estimated to benefit. In Barclays case, a period of 20 years has been used. Goodwill is periodically evaluated for impairment and written off when judged to be irrecoverable.

US GAAP can require the recognition of certain assets and liabilities that would either not be recognised or have a different measurement value under UK GAAP.

In relation to the acquisition of a deposit taking institution, a separate intangible asset covering depositor relationships is recognised. To the extent that such an asset is recognised there is a commensurate reduction in the amount of recorded goodwill. The value ascribed is amortised to net income over the average life of the depositor relationships in question.

In respect of defined benefit schemes, the same basic actuarial method is used under Statement of Financial Accounting Standards (SFAS) No. 87 as under UK GAAP, but certain assumptions differ, assets are assessed at fair value and liabilities are assessed at current settlement rates. Certain variations from regular cost are allocated in equal amounts over the average remaining services lives of current employees.

For defined contribution schemes SFAS No. 87 provides for the same treatment as under UK GAAP.

Under SFAS No. 106, there are certain differences in the actuarial method used and variations in the computation of regular cost as compared with UK GAAP.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

UK GAAP

US GAAP

Leasing – lessor

Finance lease income is recognised in proportion to the funds invested in the lease using a method which results in a level rate of return on the net cash investment.

Application of SFAS No. 13 gives rise to a level rate of return on the investment in the lease, but without taking into account tax payments and receipts. This results in income being recognised in different periods than under UK GAAP

Leasing – lessee

In accordance with FRS 5 and SSAP 21, leases are categorised as finance leases when the substance of the agreement is that of a financing transaction and the lessee assumes substantially all of the risks and benefits relating to the asset. All other leases are categorised as operating leases.

Leases are classified as capital leases when any of certain criteria are met as outlined under SFAS No. 13. All other leases are classified as operating leases.

Deferred tax

Deferred tax is provided using the liability method on timing differences where it is considered probable that a liability to tax will crystallise.

Under SFAS No. 109, a liability method is also used, but deferred tax assets and liabilities are calculated for all temporary differences, including the general provision for bad and doubtful debts. A valuation allowance is raised against a deferred tax asset where it is more likely than not that some portion of the deferred tax asset will not be realised.

No deferred tax asset is created in respect of the general provision for bad and doubtful debts which is not deductible in arriving at UK taxable profits.

Property depreciation

Depreciation is charged on the cost or revalued amounts of freehold and long leasehold properties over their estimated useful economic lives.

Freehold and long-leasehold property is depreciated based on the historical cost.

Revaluation of property

Property is carried either at original cost or at subsequent valuation less related depreciation (as described in Accounting policies), calculated on the revalued amount where applicable. Revaluation surpluses are taken directly to shareholders' funds, while deficits below cost, less any related depreciation, are included in attributable profit.

Revaluations of property are not permitted in the accounts under US GAAP. As a result, when a revalued property is disposed of, a greater profit or lower loss is generally recorded under US GAAP than under UK GAAP.

With effect from 1st January 2000 the Group has applied the transitional rules available under FRS15. The revalued book amounts will be retained without subsequent revaluation subject to the requirement to test for impairment.

Shareholders' interest in the long-term assurance fund

The shareholders' interest in the in-force life assurance and pensions policies of the long-term assurance fund is valued at the net present value of the profits inherent in such policies.

The net present value of the profits inherent in the in-force life and pensions policies of the long-term assurance fund is not recognised by the Group under US GAAP. An adjustment is made for the amortisation of acquisition costs and fees in accordance with SFAS No. 97.

Disposal of investments

Exchange rate translation differences, which arise in respect of foreign currency denominated investments, are included in the carrying value of the investment and are also accumulated in the reserves in the consolidated accounts. The profit or loss on any disposal is calculated by comparing the net proceeds with the then carrying value of the investment.

SFAS No. 52 requires similar treatment of exchange rate translation differences, except that, on disposal, cumulative exchange rate translation differences, which have previously been taken to reserves, are reversed and reported as part of the profit or loss on sale of the investment.

Share compensation schemes

Where shares are purchased, the difference between the purchase price and any contribution made by the employee is charged to the profit and loss account in the period to which it relates. Where shares are issued, or options granted, the charge made to the profit and loss account is the difference between the fair value at the time the award is made and any contribution made by the employee.

SFAS No. 123 encourages the adoption of accounting for share compensation schemes, based on their estimated fair values at the date of the grant. Accordingly, the Group charges this fair value to the profit and loss account over the period to their vesting dates.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

UK GAAP

US GAAP

Net unrealised gain/loss on investment securities

Investment debt securities and equity shares are stated at amortised cost less provision for diminution in value. Investment securities are those intended for use on a continuing basis by the Group.

SFAS No. 115 requires that certain securities which are intended for use on a continuing basis be recorded at fair value with unrealised gains and losses recorded in shareholders' equity. The securities so treated are debt securities which are 'available for sale' – the absence of intent and ability to hold them to maturity – and certain marketable equity securities.

Mortgage incentives

Incentives in the form of cashbacks and discounts are written off as incurred as permitted by the SORP on Advances.

SFAS 91 requires incremental direct costs of loan origination to be deferred and amortised over the life of the loan as an adjustment to interest income.

Provision for credit losses

The Group establishes, through charges or credits against profit, sufficient specific provision to cover the estimated loss as soon as the recovery of a lending is identified as doubtful. General provisions are raised to cover losses which are judged to be present in the loan portfolio, but have not been specifically identified as such. This provision is adjusted by an appropriate charge or release.

SFAS No. 114 requires the overall credit risk provision of impaired loans to be determined based on the present value of expected future cash flows, discounted at the loan's effective interest rate, or, as a practical expedient, on the loan's observable market value, or the fair value of collateral if the loan is collateral dependent. A corresponding charge or credit for bad debt provisions should accompany any adjustment in the credit risk provision. Smaller balance homogeneous consumer loans that are collectively evaluated for impairment are outside the scope of SFAS No. 114, as are debt securities and leases.

Dividend payable

Dividends declared after the period end are recorded in the period to which they relate.

Dividends are recorded in the period in which they are declared.

Taxation

Profit before tax and the tax charge for the year includes tax at the effective rate on the shareholders' interest in the long-term fund.

Income before tax and the tax charge do not include such adjustments for tax.

Acceptances

Acceptances are not recorded within the balance sheet.

Acceptances and the related customer liabilities are recorded within the balance sheet.

Transfer and servicing of financial assets

Under FRS 5 where a transaction involving a previously recognised asset transfers to others (a) all significant rights or other access to benefits relating to that asset and (b) all significant exposure to the risks inherent in those benefits, the entire asset should cease to be recognised.

Under SFAS No. 125 control passes where the following criteria are met: (a) the assets are isolated from the transferor (the seller) i.e. they are beyond the reach of the transferor, even in bankruptcy or other receivership, (b) the transferee (the buyer) has the right – free of any conditions that constrain it from taking advantage of the right – to pledge or exchange the assets, and (c) the transferor does not maintain effective control over the transferred assets.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

UK GAAP

US GAAP

Extinguishment of liabilities

Under FRS 5, a liability is extinguished if an entity's obligation to transfer economic benefits is satisfied or removed. Satisfaction would encompass an 'in-substance' defeasance transaction where liabilities are satisfied from the cash flows arising from essentially risk free assets transferred by the debtor to an irrecoverable defeasance trust.

Under SFAS No. 125 a debtor may de-recognise a liability if and only if either (a) the debtor pays the creditor and is relieved of its obligation for the liability, or (b) the debtor is legally released from being the primary obligor under the liability either financially or by the creditor. SFAS No.125 does not allow for the de-recognition of a liability by means of an 'in-substance' defeasance transaction.

Offset

Under FRS 5 items should be aggregated into a single item where there is a right to insist on net settlement and the debit balance matures no later than credit balance.

Under FIN 41, repurchase and reverse repurchase agreements may only be netted where they have the same explicit settlement date specified at the inception of the agreement.

Restructuring of business provisions

In accordance with FRS 3 and FRS 12, provisions have been made for any direct costs and net future operating losses arising from a business that management is committed to restructure, sell or terminate, has a detailed formal plan for exit, and has raised a valid expectation of carrying out the restructuring plan.

The application of Emerging Issues Task Force (EITF) 94-3 has created recognition timing differences in respect of certain of the termination provisions. EITF 94-3 sets out specific conditions which must be met to enable liabilities relating to restructuring, sale or involuntary terminations to be recognised in the period management approve the termination plan. In respect of costs other than employee termination benefits, the basic requirements for recognition at the date of commitment to the plan to terminate are that they are not associated with, or do not benefit, activities that will be continued.

Computer software developed or obtained for internal use

All computer software costs are expensed in the year of purchase unless the cost of the computer program cannot be separated from the hardware cost.

AICPA SOP 98-1 requires certain costs incurred in respect of software for internal use to be capitalised and subsequently amortised. The SOP was applied prospectively.

Internal hedging

The hedging of derivatives undertaken with an independently managed trading unit of the Group may be accrual accounted by the hedging entity.

US GAAP requires a direct linkage between the internal transaction and a transaction with the external market by the trading unit in order for hedge accounting to be used. If this does not exist, then the internal derivative must be fair valued by the hedging entity.

Special purpose vehicles

Entities should be consolidated when they are under the control of the reporting entity.

Consolidation of an entity by its sponsor, the party at whose initiative the entity is activated, is required if the entity's activities are not strictly limited and less than 3% of its equity is held by parties other than the sponsor.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

Developments in US GAAP

Implementation of SFAS 133

From 1st January 2001 the Group will adopt the requirements of Statement of Financial Accounting Standard 133 (SFAS 133), 'Accounting for Derivative Instruments and Hedging Activities' as amended by SFAS 138. SFAS 133 sets out strict requirements in relation to the management and measurement of hedging relationships and where these are not met the derivatives must be treated as trading transactions and marked to market. It requires an entity to recognise all derivatives as either assets or liabilities measured at fair value. The accounting for changes in the fair value of a derivative depends on the use of the derivative. The Group does not intend to make changes to its hedging policies and procedures specifically to comply with the requirements of SFAS 133 and therefore from 1st January 2001, for US GAAP purposes, many hedging derivatives will be treated as trading items and marked to market. For UK GAAP reporting the Group will continue to hold a significant portfolio of derivative transactions designed to eliminate or significantly reduce the risk in relation to assets, liabilities or cash flows and these will be hedge accounted in accordance with UK GAAP.

SFAS 133 contains transitional rules with specific requirements dependent upon the nature of the hedge deemed to exist before the adoption of SFAS 133. The Group has a significant portfolio of derivatives to hedge the fair value of fixed rate balances and in accordance with the transitional rules the fair value of the derivatives and the related underlying positions will be taken to income as of 1st January 2001. The net adjustment arising from this will not be material. The Group also has derivatives designed to hedge future cash flows and under the transitional rules the impact on the fair value of £344m at 31st December 2000 will be credited to Other Comprehensive income and amortised to net income in accordance with the underlying cash flows.

The implementing of SFAS 133 will mean that the Group's earnings under US GAAP may be subject to increased volatility. The adoption of SFAS 133 will also impact assets and liabilities recorded on the balance sheet.

Implementation of SFAS 140

As of 31st December 2000 the Group adopted the transitional provisions of SFAS 140 'Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities'. Under SFAS 140, the Group is required to reclassify the market value of collateral pledged to counterparties under stock lending agreements and securities sold under agreements to repurchase, in which the counterparty has the right to sell or repledge the security, from Securities owned to Securities owned pledged to counterparties. SFAS 140 also requires the disclosure of the market value of collateral received under stock borrowing agreements and securities purchased under agreements to resell which it has the ability to sell or repledge. Securities purchased under such agreements to resell are no longer recognised as assets and prior periods have been restated accordingly.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

	Note	2000 £m	1999 £m	1998 £m
Attributable profit of Barclays PLC Group (UK GAAP)		2,473	1,759	1,317
Goodwill	(a)	(12)	123	(78)
Core deposit intangible	(b)	(12)	–	–
Pension cost	(c)	(193)	(176)	154
Post-retirement benefits	(c)	(15)	(4)	(5)
Leasing – lessor	(d)	(14)	(16)	84
Leasing – lessee	(e)	3	(2)	3
Onerous leases	(f)	–	(100)	23
Deferred tax	(g)	(162)	130	35
Property depreciation		3	4	4
Share compensation schemes	(h)	(44)	(30)	(19)
Shareholders' interest in the long-term assurance fund		(77)	(50)	(55)
Property revaluation differences		1	21	18
Disposal of investments		(12)	(43)	(9)
Restructuring of business provisions	(n)	15	(19)	(17)
Internal use software	(p)	123	95	–
Internal hedging	(q)	148	(94)	–
Mortgage incentives	(r)	17	–	–
Fair value amortisation charge	(a)	1	–	–
Non-qualifying special purpose vehicles	(s)	(72)	–	–
Tax effect on the above UK/US GAAP reconciling items		24	97	(85)
Approximate net income (US GAAP)		2,195	1,695	1,370

Barclays PLC Group

		p	p	p
Basic earnings per £1 ordinary share	(i)	145.0	113.2	90.8
Diluted earnings per £1 ordinary share	(i)	143.6	111.3	89.4

	Note	2000 £m	1999 £m
Equity shareholders' funds (UK GAAP)		13,187	8,483
Goodwill	(a)	66	78
Core deposit intangible	(b)	(12)	–
Pension cost	(c)	(259)	(66)
Post-retirement benefits	(c)	(15)	–
Leasing – lessor	(d)	(168)	(154)
Leasing – lessee	(e)	13	10
Deferred tax	(g)	–	162
Property depreciation		(41)	(44)
Share compensation schemes	(h)	(110)	(66)
Shareholders' interest in the long-term assurance fund		(751)	(674)
Revaluation of property	(k)	(273)	(278)
Net unrealised gain on investment securities	(j)	322	68
Dividend payable		632	484
Own shares	(v)	(5)	(5)
Restructuring of business provisions	(n)	15	–
Internal use software	(p)	218	95
Internal hedging	(q)	54	(94)
Mortgage incentives	(r)	17	–
Fair value amortisation charge	(a)	1	–
Non-qualifying special purpose vehicles	(s)	(72)	–
Tax effect on the above UK/US GAAP reconciling items		210	263
Approximate shareholders' equity (US GAAP)		13,029	8,262

Selected financial data, adjusted from UK GAAP to reflect the main differences from US GAAP, is given on page 167.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

SFAS 130 – Comprehensive income

The following tables detail the approximate comprehensive income and accumulated other comprehensive income under US GAAP.

	2000 £m	1999 £m	1998 £m
Barclays PLC – Approximate net income (US GAAP)	2,195	1,695	1,370
Net exchange translation differences *	(14)	(26)	40
Net unrealised gains on investment securities**	177	(111)	7
Barclays PLC – Approximate comprehensive income (US GAAP)	2,358	1,558	1,417
Net exchange translation differences	(336)	(322)	(296)
Net unrealised gains on investment securities**	225	48	159
Accumulated other comprehensive income	(111)	(274)	(137)

* Including reclassification to net income on disposal of investments.

** Net of tax effect of £77m (1999 £(51m), 1998 £2m).

a) Goodwill

In relation to the acquisition of The Woolwich, US GAAP requires the recognition of certain assets that may not be recognised under UK GAAP, namely mortgage incentives and software developed for internal use. Additionally the calculated fair value of the pension fund and liabilities under share option schemes differed under the respective requirements. These fair value adjustments are amortised over the expected life of the relevant asset/liability and resulted in an additional charge of £1m under US GAAP. The net effect of the separate classification of core deposit intangibles and the different fair value adjustments under US GAAP is to decrease the goodwill amortisation charge under US GAAP by £4m.

The credit adjustment in 1999 arises from the difference between the UK GAAP charge to profit and loss on provisions for disposals and that under US GAAP. In 1998 the charge included an amount of £83m charged following a review undertaken of purchased goodwill which had been written off against reserves under UK GAAP.

	2000 £m	1999 £m
b) Core deposit intangible		
Recognised on acquisition of The Woolwich	450	–
Amortisation charged to profit and loss	(12)	–
Balance carried forward	438	–

The value inherent in the deposit relationship held by The Woolwich at the time of acquisition has been calculated to be £450m and this is held as a separate intangible asset with a consequent decrease in goodwill as compared to UK GAAP. The core deposit intangibles is being amortised over seven years being the estimated average life of the depositor relationships in question.

c) Pension cost and post-retirement benefits

The measurement of US GAAP pension expense and post-retirement benefits charge is undertaken in accordance with the requirements of SFAS No. 87 'Employers' Accounting for Pensions', and SFAS No. 106 'Employers' Accounting for Post-retirement Benefits other than Pensions' respectively. The disclosures below reflect the amendments to the requirements of the two statements arising from SFAS No. 132 'Employers' Disclosures about Pensions and Other Post-retirement Benefits'.

In accordance with SFAS No. 87 the excess of pension plan assets over the projected benefit obligation, as at the transition date, is recognised as a reduction of pension expense on a prospective basis over approximately 15 years.

The provisions of US GAAP have only been applied to the main UK pension scheme, the UK Retirement Fund (previously known as the Barclays Bank (1964) Pension Fund) and The Woolwich Pension Fund. The following analysis relates to the UK Retirement Fund (1964 Pension Scheme and retirement investment scheme) and The Woolwich pension fund which makes up approximately 90% of all the Group's schemes in terms of assets and actuarial liabilities. The impact on income of applying US GAAP on the other Group schemes is considered to be immaterial.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

c) Pension cost and post-retirement benefits (continued)

The components of the pension and post-retirements expense which arise under US GAAP are estimated to be as follows:

	2000		1999		1998	
	Pensions £m	Post- retirement benefits £m	Pensions £m	Post- retirement benefits £m	Pensions £m	Post- retirement benefits £m
Components of net periodic benefit cost						
Service cost	352	1	302	2	235	4
Interest cost	591	9	506	10	465	12
Expected return on plan assets	(788)	-	(607)	-	(692)	-
Amortisation of prior service cost	(23)	2	(25)	2	(25)	6
Recognised net actuarial gain/(deficit)	-	4	-	5	(137)	-
Net periodic benefit/(cost)	132	16	176	19	(154)	22

For measurement purposes, the calculation assumes a 10% and 6.5% annual rate of increase in the per capita cost of covered medical benefits and dental benefits respectively for pensioners in schemes in the US. These rates are further assumed to reduce steadily each year to 6% in 2004 and 2001 respectively and remain at that level thereafter.

For pensioners in schemes in the UK a 3% annual rate of increase in the per capita cost of covered medical benefits was assumed, reflecting the agreement to cap average increases at this level.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care trend rates would have the following effects for 2000.

	1% increase £m	1% decrease £m
Effect on total of service and interest cost components	1	(1)
Effect on post-retirement benefit obligation	18	(17)

The following table presents the estimated funded status of the Pension scheme and post-retirement benefits (the latter are unfunded) under US GAAP:

	2000		1999		1998	
	Pensions £m	Post- retirement benefits £m	Pensions £m	Post- retirement benefits £m	Pensions £m	Post- retirement benefits £m
Change in benefit obligation						
Benefit obligation at beginning of year	10,872	176	10,277	243	7,311	184
Adjustment for RIS	74	-	-	-	-	-
Plan amendment – reduction in obligation	-	-	-	(58)	-	-
Service cost	352	1	302	2	235	4
Interest cost	591	9	506	10	465	12
Plan participants' contributions	4	-	-	-	-	-
Actuarial loss/(gain)	1,846	9	122	(10)	2,578	52
Benefits paid	(378)	(11)	(335)	(11)	(312)	(9)
Benefit obligation at end of year	13,361	184	10,872	176	10,277	243
Change in plan assets						
Fair value of plan assets at beginning of year	11,337	-	9,493	-	10,026	-
Adjustment for RIS	74	-	-	-	-	-
Actual return on plan assets	1,414	-	2,162	-	(192)	-
Employer contribution/transfers	1,001	-	17	-	(29)	-
Plan participants' contributions	4	-	-	-	-	-
Benefits paid	(378)	-	(335)	-	(312)	-
Fair value of plan assets at end of year	13,452	-	11,337	-	9,493	-
Funded status	91	(184)	465	(176)	(784)	(243)
Unrecognised transition amount	(57)	19	(90)	19	(115)	80
Unrecognised net actuarial (gain)/loss	(371)	57	(440)	56	1,010	71
(Accrued)/prepaid benefit cost	(337)	(108)	(65)	(101)	111	(92)

61 Differences between UK GAAP and US GAAP accounting principles (continued)

Employer contribution/transfers includes the assets from The Woolwich pension scheme and the transfer in of assets to the UK Retirement Fund from the defined benefit element of the Barclays Capital scheme during 2000. The actuarial loss/(gain) reflects the obligations relating to The Woolwich and Barclays Capital schemes.

Pension plan assets are invested primarily in equities, fixed interest securities and property.

Further details of the post-retirement health care expense under UK GAAP are given in note 5 to the accounts.

In accordance with US GAAP requirements the actuaries for the pensions plan used the following assumptions on a weighted average basis; discount rate of 5.0% (1999 5.25%, 1998 5.0%), rate of compensation increase of 4.5% (1999 4.5%, 1998 4.0%), and expected long-term rate of return on plan assets of 6.5% (1999 6.75%, 1998 6.5%).

In accordance with the US GAAP requirements the accounting for the post-retirement benefits charge assumed a discount rate of 5.0% (1999 5.5%, 1998 5.0%) for UK benefits and 7.5% (1999 7.25%, 1998 6.75 %) for US benefits, on a weighted average basis.

d) Leasing – lessor

The leasing adjustment is dependent upon the value and average age of the leasing portfolio at each period end.

e) Leasing – lessee

Under US GAAP, provisions are made for losses arising on subleases of certain operating leases which are treated as finance leases under UK GAAP.

f) Onerous leases

The charge in the year to 31st December 1999 arose as a result of a review of leasehold properties and related to those where unavoidable costs exceeded anticipated income. The credit in the year to 31st December 1998 related to the reversal of the prior year adjustment recorded under UK GAAP on the implementation in 1999 of Financial Reporting Standard 12.

g) Deferred tax

In accordance with SFAS No. 109 'Accounting for Income Taxes', the components of the net US GAAP deferred tax liability are as follows:

	2000 Em	1999 Em
Deferred tax liabilities:		
Leasing transactions	(943)	(960)
Capital allowances	(9)	(31)
Other	(114)	(14)
Total deferred tax liabilities	(1,066)	(1,005)
Deferred tax assets:		
Specific allowances	36	30
General allowance	209	192
Tax losses	162	337
Other	184	158
Total deferred tax assets before valuation allowance	591	717
Less: valuation allowance	(156)	(146)
Deferred tax assets less valuation allowance	435	571
Net deferred tax liability under US GAAP	(631)	(434)

(i) The main components of the tax charge attributable to continuing operations are shown in note 11 to the accounts.

(ii) A reconciliation of tax payable at the UK standard corporation tax rate and Barclays effective tax rate is shown on page 26 in the Financial review.

(iii) The valuation allowance relates to the Group's capital losses and unrelieved overseas tax losses. These assets will be recognised in the future when it becomes likely that they will be utilised.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

h) Share compensation schemes

With effect from 1st January 1996, the Group adopted SFAS No. 123 'Accounting for Stock-Based Compensation'.

SFAS No.123 encourages the adoption of accounting for share compensation schemes based on their estimated fair value at the date of grant. The requirements are only applicable to options and other awards granted from 1st January 1995 onwards and, in the initial phase-in period, the amounts reported will not be representative of the effect on reported net income for future years. The SFAS No. 123 charge for the fair value of options granted since 1995 is £44m (1999 £30m, 1998 £19m).

The ESOS, SAYE, ISOP, the BGI Equity Ownership Plan, The Woolwich ESOP and The Woolwich SAYE scheme fall within the scope of SFAS No.123.

Analysis of the movement in the number and weighted average exercise price of options are set out below:

	Executive Share Option Scheme (1)				SAYE Share Option Scheme (1)			
	Number (000's)		Weighted av. ex. price (£)		Number (000's)		Weighted av. ex. price (£)	
	2000	1999	2000	1999	2000	1999	2000	1999
Outstanding at beginning of year	3,784	3,119	15.12	12.82	36,204	31,393	10.75	9.67
Granted in the year	176	1,209	14.44	17.82	6,817	8,047	12.64	14.26
Exercised in the year	(242)	(507)	8.24	7.57	(7,023)	(1,950)	7.79	8.02
Less: Forfeited in the year	(130)	(37)	14.92	12.55	(2,883)	(1,286)	11.93	10.48
Outstanding at end of year	3,588	3,784	15.56	15.12	33,115	36,204	11.66	10.75

	Incentive Share Option Plan (1)				BGI Equity ownership plan (2)			
	Number (000's)		Weighted av. ex. price (£)		Number (000's)		Weighted av. ex. price (£)	
	2000	1999	2000	1999	2000	1999	2000	1999
Outstanding at beginning of year	-	-	-	-	-	-	-	-
Granted in the year	3,769	-	15.63	-	5,585	-	6.11	-
Exercised in the year	-	-	-	-	-	-	-	-
Less: Forfeited in the year	(13)	-	15.63	-	(50)	-	6.11	-
Outstanding at end of year	3,756	-	15.63	-	5,535	-	6.11	-

	The Woolwich ESOP rollover (1)				The Woolwich SAYE rollover (1)			
	Number (000's)		Weighted av. ex. price (£)		Number (000's)		Weighted av. ex. price (£)	
	2000	1999	2000	1999	2000	1999	2000	1999
Outstanding at beginning of year	-	-	-	-	-	-	-	-
Granted in the year	3,088	-	15.20	-	1,566	-	12.64	-
Exercised in the year	(82)	-	14.62	-	-	-	-	-
Less: Forfeited in the year	-	-	-	-	-	-	-	-
Outstanding at end of year	3,006	-	15.20	-	1,566	-	12.64	-

	The Woolwich ESOP (3)				The Woolwich SAYE scheme (3)			
	Number (000's)		Weighted av. ex. price (£)		Number (000's)		Weighted av. ex. price (£)	
	2000	1999	2000	1999	2000	1999	2000	1999
Outstanding upon acquisition	19,528	-	3.28	-	8,881	-	2.76	-
Rolled over into Barclays options or cancelled for cash	(14,570)	-	3.30	-	(7,741)	-	2.75	-
Exercised in the period 25.10.00 - 31.12.00	(3,658)	-	3.23	-	(218)	-	2.73	-
Less: Forfeited in the period 25.10.00 - 31.12.00	-	-	-	-	(249)	-	2.77	-
Outstanding at end of year	1,300	-	3.27	-	673	-	2.93	-

(1) Options granted over Barclays PLC shares

(2) Options granted over BGI UK Holdings Limited shares

(3) Options granted over Woolwich plc shares

61 Differences between UK GAAP and US GAAP accounting principles (continued)

h) Share compensation schemes (continued)

The disclosures of options outstanding only relate to those granted from 1995 onwards.

The range of exercise prices, weighted average fair values at the date of grant and the weighted average remaining contractual life for options outstanding at the balance sheet date are as follows:

	2000				1999			
	Exercise price range £	Weighted average exercise price £	Weighted average fair value £	Weighted average remaining life Years	Exercise price range £	Weighted average exercise price £	Weighted average fair value £	Weighted average remaining life Years
Executive Share Option Scheme (1)	7.04-17.82	15.56	4.78	7	7.04-17.82	15.12	4.53	5
SAYE Share Option Scheme (1)	6.28-14.26	11.66	5.31	3	6.28-14.26	10.75	4.46	3
Incentive Share Option Plan (1)	15.63-16.88	15.63	7.13	9	–	–	–	–
BGI Equity Ownership Plan (2)	6.11	6.11	2.20	9	–	–	–	–
The Woolwich SAYE scheme (1)	12.34-13.49	12.64	9.35	2	–	–	–	–
The Woolwich ESOP (1)	13.17-16.90	15.20	10.66	9	–	–	–	–
The Woolwich SAYE scheme (3)	2.68-3.13	2.93	1.59	0	–	–	–	–
The Woolwich ESOP (3)	2.86-3.67	3.27	1.84	0	–	–	–	–

Fair values for the ISOP, ESOS, SAYE, The Woolwich ESOP and The Woolwich SAYE are calculated at the date of grant using a binomial model which produces similar results to the Black-Scholes model. The significant weighted average assumptions used to estimate the fair value of the options granted in 2000 are as follows:

	ISOP	ESOS	SAYE	Woolwich ESOP (1) rollover	Woolwich ESOP (3)	Woolwich Sharesave (1) rollover	Woolwich Sharesave (3)
Risk-free interest rate	6.18%	6.33 %	6.23%	5.92%	5.92%	5.92%	5.92%
Expected life (years)	10	10	5	9	0	2	0
Expected volatility	35%	45%	35%	45%	45%	45%	45%

The fair values for the BGI EOP are calculated using a formula based on an earnings multiple.

The range, weighted average exercise price, weighted average remaining contractual life and number of options outstanding, including those exercisable at year end (see page 146), are as follows:

Executive Price Range	Weighted average exercise price £	Weighted average remaining life Years	Number of options outstanding
Executive Share Option Scheme			
£6.00 – £9.99	8.19	4	212,500
£10.00 – £13.99	13.88	5	780,000
£14.00 – £17.99	15.69	7	2,595,644
SAYE Share Option Scheme (1)			
£6.00 – £9.99	7.62	1	8,327,669
£10.00 – £13.99	12.54	3	17,877,119
£14.00 – £17.99	14.26	3	6,909,853
BGI Equity Ownership Plan (2)			
£6.00 – £9.99	6.11	9	5,585,000
Incentive Share Option Plan (1)			
£14.00 – £17.99	15.63	9	3,756,000
The Woolwich ESOP (1)			
£10.00 – £13.99	13.17	9	553,238
£14.00 – £17.99	15.66	9	2,452,809
The Woolwich SAYE scheme (1)			
£10.00 – £13.99	12.64	2	1,565,662
The Woolwich ESOP (3)			
£0.00 – £5.99	3.27	0	1,300,153
The Woolwich SAYE scheme (3)			
£0.00 – £5.99	2.93	0	673,417

- (1) Options granted over Barclays PLC shares
(2) Options granted over BGI UK Holdings Limited shares
(3) Options granted over Woolwich plc shares

61 Differences between UK GAAP and US GAAP accounting principles (continued)

h) Share compensation schemes (continued)

The range, weighted average exercise price and number of options exercisable at the year end are as follows:

Exercise Price Range	Weighted average exercise price £	Number of options
Executive Share Option Scheme		
£6.00 – £9.99	8.19	212,500
£10.00 – £13.99	13.88	780,000
SAYE Share Option Scheme		
£6.00 – £9.99	6.28	185,238
£10.00 – £13.99	12.67	37,597
The Woolwich ESOP		
£0.00 – £5.99	3.27	1,300,153
The Woolwich SAYE		
£0.00 – £5.99	2.93	673,417

The expected dividends for all schemes are assumed to grow in line with the expected increases in share prices for the industry sector until exercise.

The ESOS is a long-term incentive scheme and is currently available by invitation to certain senior executives of the Group with grants usually made annually. Options are issued at the market price at the date of the grant without any discount, calculated in accordance with the rules of the Scheme, and are normally exercisable between three and ten years from that date. No further awards will be made under ESOS.

Eligible employees in the UK may participate in the SAYE. Under this Scheme, employees may enter into contracts to save up to £250 per month and, at the expiry of a fixed term of three, five or seven years, have the option to use these savings to acquire shares in the Company at a discount, calculated in accordance with the rules of the scheme. The discount is currently 20% of the market price at the date the options were granted.

The ISOP has been introduced to replace the ESOS. It is open by invitation to the employees and Directors of Barclays PLC options are granted at the market price at the date of grant calculated in accordance with the rules of the Plan, and are normally exercisable between three and ten years from that date. The final number of shares over which the option may be exercised will be determined by reference to set performance criteria. The number of shares under option represents the maximum possible number that may be exercised.

The BGI Equity Ownership Plan is extended to senior employees of BGI. The exercise price of the options are determined by formula at the date of grant and is not less than the market value of the share at the time of grant. The options are granted over shares in BGI Holdings UK Ltd, a subsidiary of Barclays Bank PLC. Options are normally not exercisable until vesting, with a third of the options held becoming exercisable at each anniversary of grant. Options lapse ten years after grant. At 31st December, 5.5m (1999 nil) options were outstanding under the terms of the BGI Equity Ownership Plan enabling certain members of staff to subscribe for shares in Barclays Global Investors UK Holdings Limited between 2001 and 2010 and at a price of £6.11.

The Woolwich ESOP and SAYE schemes have similar terms to the Barclays ESOS and SAYE schemes described above, issuing options over shares in Woolwich plc. No further awards will be made under either of these schemes. Following the acquisition of The Woolwich by Barclays PLC holders of options under these two schemes were able to rollover the options for an option on the same terms, except for the withdrawal of the performance criteria, over Barclays shares, obtain a cash payment in exchange for cancellation of the options or choose to exercise the options at any time up to 24th April 2001. Upon exercise of an option over Woolwich plc shares, the option holder will receive £1.64 in cash and 0.1175 Barclays shares for each Woolwich share available under the option.

i) Earnings per share

Basic earnings per share under US GAAP differs from UK GAAP (see note 14) only to the extent that income calculated under US GAAP differs from that under UK GAAP.

Diluted EPS measures the effect that existing options would have on the basic EPS if they were to be exercised, by increasing the number of ordinary shares.

Under US GAAP, the number of those increased shares are reduced by the number of shares that could be bought (using the average market price in the year) with the assumed exercise proceeds (actual proceeds arising on exercise plus unamortised compensation costs, where appropriate). Any options that are antidilutive are excluded from this calculation. (An option is antidilutive when the value of the deemed proceeds is greater than the market price used in the above calculation).

61 Differences between UK GAAP and US GAAP accounting principles (continued)

i) Earnings per share (continued)

	2000			1999			1998		
	Income £m	Weighted average Share no. (in millions)	Per-Share amount Pence	Income £m	Weighted average Share no. (in millions)	Per-Share amount Pence	Income £m	Weighted average Share no. (in millions)	Per-Share amount Pence
Basic EPS									
Approximate net income (US GAAP) available to ordinary shareholders	2,195	1,514	145.0	1,695	1,497	113.2	1,370	1,510	90.8
Effect of dilutive securities									
Employee share options		13			21			19	
Other schemes		2			5			4	
Diluted EPS	2,195	1,529	143.6	1,695	1,523	111.3	1,370	1,533	89.4

Of the total number of employees' share options existing at the year end, the following were not included in the dilution calculation above because they were antidilutive:

	2000 in millions	1999 in millions	1998 in millions
Number of options	17	3	15

Certain incentive plan shares have been excluded from the calculation of the basic EPS as the trustee has waived all dividend and voting rights. These shares are subsequently brought into the diluted earnings per share calculation (called 'Other schemes') above.

j) Net unrealised gain on investment securities

Unlisted investment equity securities are outside the scope of SFAS No. 115 'Accounting for Certain Investments in Debt and Equity Securities' and continued to be carried at cost of £175m at 31st December 2000 (1999 £124m). The estimated fair value of these securities was £214m (1999 £136m).

All quoted Investment securities are classified as being 'available for sale' and Other debt securities are classified as trading securities (see note 19).

There were no material gross gains or gross losses realised on the transfer of debt and equity securities from the available for sale category into the trading category in 2000 or 1999.

k) Revaluation of property

In 1990 £449m of property revaluation reserve was capitalised by the issue of bonus shares.

l) Loan impairment

SFAS No. 114 applies only to impaired loans, the measurement of which is primarily based upon the present value of expected future cash flows discounted at the loan's effective interest rate. In certain instances this measurement may reflect the loan's observable market value, or the fair value of the collateral if the loan is collateral dependent. Smaller balance homogeneous consumer loans that are collectively evaluated for impairment are outside the scope of SFAS No. 114, as are debt securities and leases. At 31st December 2000, the element of impaired loans outside the scope of SFAS No. 114 amounted to £2,525m (1999 £1,808m).

In accordance with SFAS No. 114, the Group's total impaired loans are those reported as non-performing on page 48, less impaired loans outside the scope of SFAS No. 114, and amount to £852m at 31st December 2000 (1999 £801m). Credit risk provisions of £474m, estimated in accordance with SFAS No. 114, were held against these loans (1999 £416m). The average level of such impaired lendings in 2000 was approximately £782m (1999 £892m).

Having compared the value of the impaired loan portfolio calculated in accordance with SFAS No. 114 with the carrying value under UK GAAP, no adjustment was required to either shareholders' equity at 31st December 2000 or 31st December 1999, or to net income for these years.

Where cash received represents the realisation of security, or there is doubt regarding the recovery of a loan, such receipts are treated as repayments of the loan principal. Otherwise, cash received in respect of impaired loans is recognised as interest income. Estimated interest income which was recognised in 2000 on impaired loans within the scope of SFAS No. 114 was £25m (1999 £6m).

SFAS No. 114 modifies the accounting for in-substance foreclosure, in that only collateralised loans where the Group takes physical possession of the collateral, regardless of formal insolvency procedures, would be reclassified as 'other real estate owned' under US GAAP. At 31st December 2000, other real estate owned including borrowings which would be classified as in-substance foreclosure, amounted to approximately £19m (1999 £4m) and are recorded at the lower of cost or market value.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

m) Impairment of long-lived assets

With effect from 1st January 1996, the Group adopted SFAS No. 121 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of'. At 31st December 2000 having compared the value of long-lived assets calculated in accordance with SFAS No. 121 with the carrying value under UK GAAP, no adjustment to net income or shareholders' funds was required.

n) Restructuring

During both 1999 and 2000 the Group has implemented programmes to reduce the workforce primarily in Retail Financial Services and Corporate Banking and, for 2000, Service Provision. This restructuring largely focused on activities within the UK involving a reshaping of the Group's operations through the centralisation of core processes and the application of new technologies. The Retail Financial Services programmes also include a reduction in the workforce in its international operations.

During 2000 a restructuring charge of £232m was booked, reflecting severance and other termination related costs (£171m) costs in connection with planned disposition of certain facilities (£27m) and other related costs (£34m).

The 1999 restructuring charge of £344m, reflected severance and other termination related costs (£192m), costs in connection with planned disposition of certain facilities (£134m) and other related costs (£18m).

In the year ended 31st December 1997 a restructuring charge, excluding goodwill, of £340m was raised under UK GAAP in relation to the reorganisation of the Group's investment banking and trading businesses. Under US GAAP some £304m of this charge would have been recognised in 1997. In 1999 the remaining £19m of the residual UK GAAP charge of £36m became effective for US GAAP purposes.

o) Other EITF 94-3 disclosures

For exit plans which meet the conditions of EITF 94-3 as clarified by SAB 100, the US GAAP balance sheet liability at 31st December 2000 would have been £117m (1999 £184m) of which £64m (1999 £89m) was in respect of staff reduction costs covering 2,000 employees (1999 2,400), £49m (1999 £94m) in respect of the planned disposition of certain facilities and £4m (1999 £1m) covering other related costs. Costs paid in the year to 31st December 2000 amounted to £180m (1999 £103m) in respect of staff reduction 4,800 employees (1999 3,500), £72m (1999 £40m) relating to disposition of facilities and £32m, (1999 £17m) for other related costs.

p) Internal use software

	2000		1999	
	£m	£m	£m	£m
Additional US GAAP shareholders' funds brought forward		95		-
Expenditure to be capitalised under US GAAP	185		116	
Amortisation	(62)		(21)	
Credit to US GAAP net income		123		95
Additional US GAAP shareholders' funds carried forward		218		95

q) Internal hedging

The US GAAP adjustment arises from marking to market internal hedging transactions involving derivatives, entered into from 1st January 1999, that have not been passed directly to the market. Under UK GAAP, these transactions are measured as hedges on an accrual accounting basis in accordance with the accounting treatment of the transactions being hedged. These activities are described more fully in pages 54 to 56.

r) Mortgage incentives

The US GAAP adjustment arises from deferring costs relating to cashbacks and discounts given and amortising these over the expected life of the loan.

s) Special purpose vehicles

Group entities have sponsored vehicles that do not meet the consolidation criteria of quasi-subidiaries under FRS 5 but nevertheless fall to be consolidated under US GAAP and a resultant pre-tax US GAAP adjustment has been made to recharacterise net income from the vehicle as intra-group for US purposes, and to increase total assets by £3,754m.

61 Differences between UK GAAP and US GAAP accounting principles (continued)

t) Transfer and servicing of financial assets and extinguishment of liabilities

With effect from 1st January 1997, the Group adopted SFAS No. 125 'Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities'. At 31st December 2000, the application of this standard resulted in an addition to US GAAP total assets of £256m in respect of funded loan participations which did not meet the SFAS requirements for derecognition. At 31st December 1999 the addition to US GAAP total assets amounted to £128m in respect of funded loan participations which did not meet the SFAS requirements for derecognition. No adjustment to net income or shareholders' funds was required for 2000 or 1999.

The Group enters into Reverse Repos (see page 27) and stock borrowing transactions which are accounted for as collateralised loans. It is the Group's policy to seek collateral at the outset equal to 100% to 105% of the loan amount. The level of collateral held is monitored daily and further calls made to bring the level of cash held and the market value of collateral in line with the loan balance.

Under certain Reverse Repo and stock borrowing transactions the Group is allowed to sell or repledge the collateral held. At 31st December 2000, the fair value of such collateral was £64bn, of which £51bn related to items that have been sold or repledged.

The Group also enters into repos (see page 27) and stock lending transactions which are accounted for as secured borrowings. At 31st December 2000, the Group had given £56bn of collateral in respect of these transactions. Of the total collateral given £47bn was on terms which gave the recipient the right to sell or repledge comprising debt securities of £40bn and equity securities of £7bn. The residual £9bn was on terms by which the counterparty cannot sell or repledge related to debt securities.

For the pledge of collateral to secure on-balance sheet liabilities see note 42 and in relation to contingent liabilities generally in support of the performance of a customer to third parties see note 45.

u) Provisions for bad and doubtful debts

The UK GAAP specific provision charge in 2000 included a £nil release (1999 £13m release) in respect of credit losses in derivatives. No element of the year end specific provisions related to credit losses in derivatives (1999 £nil).

At 31st December 2000 some £29m of the general provision (December 1999 some £30m) was held in respect of off balance sheet exposures (including derivatives).

Specific provisions for contingent liabilities and commitments are accounted for separately (see note 34).

v) Own shares

In accordance with ARB No. 51, Barclays PLC shares shown for UK GAAP within Other assets in note 25 have been netted against US GAAP shareholders' equity.

w) Total assets

In addition to the adjustments to total assets arising from the GAAP differences dealt with in the tables on page 140, and notes s), t), v) and y), there are other adjustments resulting from differences in GAAP including the treatment of acceptances. At 31st December 2000 the increase in total assets under US GAAP from these other adjustments amounted to £511m (1999 £2,637m).

x) Profit and loss account presentation

There are certain differences in the presentation of the profit and loss account between UK GAAP and US GAAP. For example, profits or losses on redemption of loan capital (2000 £2m, 1999 £3m, 1998 £3m) would be classified as an extraordinary item under US GAAP rather than as a component of net interest income, while profit on disposal of Group undertakings (2000 £214m profit, 1999 £138m loss, 1998 £1m profit) would be classified as operating income or expense under US GAAP rather than being shown separately. Under US GAAP, net interest paid 2000 £216m (1999 £31m, 1998 £25m) relating to trading activities would be shown within net interest revenue, rather than included in dealing profits.

y) Offset

Certain repurchase and reverse repurchase transactions have been netted in the UK as required under FRS 5. To the extent these arrangements do not satisfy the requirement of FIN 41 total assets have been increased by £6,900m.

62 Consolidated statement of cash flows – discussion of differences between FRS 1 (revised) and SFAS No. 95 (as amended by SFAS No. 104)

There are many similarities between SFAS No. 95, as amended by SFAS No. 104, and the UK FRS 1 (revised), which was implemented by Barclays in 1997.

The two statements differ with regard to the classification of items within the cash flow statement and with regard to the definition of cash.

	Classification under FRS 1 (revised)	Classification under SFAS No. 95
Dividends received	Returns on investment and servicing of finance	Operating activities
Dividends paid – equity	Equity dividends paid	Financing activities
Tax paid	Taxation	Operating activities
Net change in loans and advances, including finance lease receivables	Operating activities	Investing activities
Net change in deposits and debt securities in issue	Operating activities	Financing activities

Under FRS 1 (revised), cash is defined as cash and balances at central banks and loans and advances to banks repayable on demand. SFAS No. 95 defines cash as being inclusive of cash equivalents which are short-term highly liquid investments that are both readily convertible into known amounts of cash and that are so near to maturity that they present insignificant risk of changes in value because of changes in interest rates.

Under FRS 1 (revised), transactions undertaken to hedge another transaction are reported under the same classification as that which is the subject of the hedge.

Interest paid in the year, including amounts relating to trading activities, was £10,888m (1999 £8,194m, 1998 £9,463m).

Set out below, for illustrative purposes, is a summary consolidated statement of cash flows presented on a US GAAP basis

	2000 £m	1999 £m	1998 £m
Net cash provided by operating activities	4,318	3,792	1,092
Net cash (used in)/provided by investing activities	(17,768)	(40,547)	20,832
Net cash provided by/(used in) financing activities	14,394	31,787	(15,317)
Effect of exchange rate changes on cash and due from banks	(977)	393	(1,305)
Net (decrease)/increase in cash and cash equivalents	(33)	(4,575)	5,302
Cash and cash equivalents at beginning of year	35,612	40,187	34,885
Cash and cash equivalents at end of year	35,579	35,612	40,187

63 Regulatory capital requirements

Capital adequacy and the use of regulatory capital are monitored by the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (the Basel Committee) and European Community Directives, as implemented by the Financial Services Authority (FSA) for supervisory purposes. The FSA regards the risk asset ratio calculation originally developed by the Basel Committee as a key supervisory tool and sets individual minimum ratio requirements for banks in the UK at or above the minimum of 8%. The ratio calculation involves the aggregation of risk weighted assets across both banking and trading activities. Weightings reflect an estimate of relative risks associated with broad categories of transactions and counterparties. The concept of risk weighting and the basis for calculating eligible capital resources are described under Capital ratios on page 32.

The following tables analyse capital resources and capital ratios, as defined for regulatory purposes:

Barclays PLC Group and Barclays Bank PLC Group

As at 31st December 2000	Amount £m	Ratio %
Total net capital resources	16,185	11.0
Tier 1 capital resources	10,547	7.2
As at 31st December 1999	Amount £m	Ratio %
Total net capital resources	13,134	11.3
Tier 1 capital resources	8,696	7.5

64 Significant Group concentration of credit risk

SFAS No. 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Barclays exposure to credit risk is concentrated in the UK where the majority of the Group's activities are conducted. As one of the largest UK banks, Barclays accounts for a significant share of credit exposure to almost all sectors of the economy and the Group is therefore significantly affected by the general economic conditions in the UK. Following the acquisition of The Woolwich, lending in respect of home loans represents 37% of the total banking book lending to customers. However, credit risk is well spread over a diversity of both personal and commercial customers, reflecting the Group's risk management policy of imposing limits on exposure to any one single counterparty (see Financial review – Potential credit risk lendings and Risk management). Outside the UK, the Group's geographical spread ensures a wide variety of counterparties in the main areas of operation in Europe, the United States and other areas of the world. As an active participant in the international banking markets, the Group has a significant concentration of credit risk with financial institutions. In total, credit risk exposure to financial institutions at 31st December 2000 was estimated to have amounted to £76bn (1999 £80bn) of which £49bn (1999 £54bn) consisted of placings and negotiable certificates of deposit and £9bn (1999 £10bn) of mark to market balances in respect of exchange and interest rate contracts. The remaining credit risk exposure is largely related to letters of credit and guarantees. Within the overall exposure, the Group maintains relationships with some 1,150 (1999 1,100) banking groups in countries all over the world.

See Financial review – Loans and advances to banks and customers, Securities and Market risk management.

65 Ratio of earnings to fixed charges and preference share dividends

	2000	1999	1998	1997	1996
Ratio of earnings to fixed charges					
UK GAAP:					
Excluding interest on deposits	1.51	1.48	1.35	1.37	1.78
Including interest on deposits	1.30	1.29	1.20	1.20	1.33
US GAAP:					
Excluding interest on deposits	1.49	1.42	1.37	1.42	1.76
Including interest on deposits	1.29	1.26	1.21	1.23	1.32
Ratio of earnings to combined fixed charges and preference share dividends*					
UK GAAP:					
Excluding interest on deposits	1.49	1.47	1.34	1.36	1.76
Including interest on deposits	1.29	1.29	1.19	1.19	1.32
US GAAP:					
Excluding interest on deposits	1.47	1.41	1.36	1.41	1.74
Including interest on deposits	1.28	1.25	1.21	1.22	1.31

* Preference share dividends includes appropriations made in respect of Reserve Capital Instruments.

SEC Form 20-F cross reference and other information

Form 20-F item number	Page reference in this document	Form 20-F item number	Page reference in this document
1	Identity of Directors, Senior Management and Advisors Not applicable	10	Additional Information Memorandum and Articles of Association 172 Shareholder information – taxation 173
2	Offer Statistics and Expected Timetable Not applicable		Exchange controls and other limitations affecting security holders 174
3	Key Information Risk factors 59 Currency of presentation 154 Selected financial data 4/167 Dividends 168	11	Quantitative and qualitative disclosure about market risk Risk management – overview 36 Credit risk management 38 Analysis of loans and advances 39 Provisions for bad and doubtful debts 44 Potential credit risk lendings 48 Cross border outstandings 50 Market risk management 51 Treasury asset and liability management 54 Note 46 113
4	Information on the Company Presentation of information 2 Business description 6 Economic and monetary environment 58 Supervision and regulation 58 Note 23 99 Note 43 110 Note 44 111 Note 49 124 Segmental analysis. Note 60 132	12	Description of Securities Other than Equity Securities Not applicable 35
5	Operating and Financial Review and Prospects Financial review 12 Other information 58	13	Defaults, Dividends Arrearages and Delinquencies Not applicable
6	Directors, Senior Management and Employees Administrative expenses – staff costs 23 Directors and Officers 60 Directors' report 62 Corporate governance report 65 Note 4 87 Note 5 88 Note 56 130 Note 57 131 Note 58 131 Note 59 131	14	Material Modifications to the Rights of Security Holders and Use of Proceeds Not applicable
7	Major Shareholders and Related Party Transactions Presentation of information 2 Directors' report 62 Note 56 130 Trading market for ordinary shares of Barclays PLC 169 Trading market for preference shares of Barclays Bank PLC 170	15	RESERVED
8	Financial Information Note 48 124	16	RESERVED
9	The Offer and Listing Trading market for ordinary shares of Barclays PLC 169 Trading market for preference shares of Barclays Bank PLC 170	17	Financial Statements Not applicable
		18	Financial statements Accounting policies 76 Consolidated financial statements: – Barclays PLC 80 – Barclays Bank PLC 156
		19	Exhibits Not included

Currency of presentation

In this report, unless otherwise specified, all amounts are expressed in pounds sterling. For the months indicated, the high, low and average noon buying rates in New York City for cable transfers in pounds sterling, as certified for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate), were:

	(US dollars per pound sterling)					
	December	November	October	September	August	July
High	1.50	1.45	1.48	1.48	1.51	1.52
Low	1.44	1.40	1.43	1.40	1.45	1.49

For the years indicated, the average of the Noon Buying Rates on the last day of each month were:

	(US dollars per pound sterling)				
	2000	1999	1998	1997	1996
Average	1.52	1.62	1.66	1.64	1.56

On 20th February 2001, the Noon Buying Rate was \$1.44 per pound sterling. No representation is made that pounds sterling amounts have been, or could have been, or could be, converted into US dollars at that rate or at any of the above rates. For the purpose of presenting financial information in this report, exchange rates other than those shown above may have been used.

Glossary

Term used in annual report	US equivalent or brief description
Accounts	Financial statements
Advance corporation tax	No direct US equivalent. Tax paid on company distributions recoverable from UK taxes due on income
Allotted	Issued
Attributable profit	Net income
Called-up share capital	Ordinary shares, issued and fully paid
Capital allowances	Tax term equivalent to US tax depreciation allowances
Cash at bank and in hand	Cash
Class of business	Industry segment
Fees and commissions receivable	Fee and commission income
Fees and commissions payable	Fee and commission expense
Finance lease	Capital lease
Freehold	Ownership with absolute rights in perpetuity
Interest receivable	Interest income
Interest payable	Interest expense
Loans and advances	Lendings
Loan capital	Long-term debt
Net asset value	Book value
Profit	Income
Profit and loss account	Income statement
Profit and loss account reserve	Retained earnings
Provisions	Allowances
Revaluation reserve	No direct US equivalent. Represents the increase in the valuation of certain assets as compared with historical cost
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Shareholders' funds	Shareholders' equity
Share premium account	Additional paid-up capital or paid-in surplus (not distributable)
Shares in issue	Shares outstanding
Tangible fixed assets	Property and equipment
Write-offs	Charge-offs

Consolidated profit and loss account For the year ended 31st December 2000

	Note	2000 £m	1999 £m	1998 £m
Interest receivable:				
Interest receivable and similar income arising from debt securities		2,339	1,397	1,419
Other interest receivable and similar income		9,449	7,923	8,493
		11,788	9,320	9,912
Interest payable		6,635	4,696	5,604
Profit on redemption/repurchase of loan capital	1	2	3	3
Net interest income		5,155	4,627	4,311
Fees and commissions receivable		3,689	3,207	3,008
Less: fees and commissions payable		(320)	(275)	(229)
Dealing profits	2	677	556	(42)
Other operating income	3	397	258	298
Operating income		9,598	8,373	7,346
Administrative expenses – staff costs	4	3,219	3,057	2,811
Administrative expenses – other	6	1,967	1,807	1,829
Depreciation and amortisation	7	306	280	275
Operating expenses		5,492	5,144	4,915
Operating profit before provisions		4,106	3,229	2,431
Provisions for bad and doubtful debts	18	817	621	492
Provisions for contingent liabilities and commitments	8	(1)	1	76
Provisions		816	622	568
Operating profit		3,290	2,607	1,863
Loss from joint ventures		(1)	(1)	–
(Loss)/income from associated undertakings		(7)	(13)	22
Loss on sale or restructuring of BZW	9	–	(30)	(3)
Profit/(loss) profit on disposal of other Group undertakings	10	214	(108)	4
Write-down of fixed asset investments		–	–	(4)
Profit on ordinary activities before tax		3,496	2,455	1,882
Tax on profit on ordinary activities	11	944	644	520
Profit on ordinary activities after tax		2,552	1,811	1,362
Minority interests – equity		(22)	(24)	(20)
Profit for the financial year attributable to the members of Barclays Bank PLC (Net income)		2,530	1,787	1,342
Dividends payable to Barclays PLC	d	(1,352)	(1,404)	(1,214)
Dividends payable to preference shareholders	d	(24)	(28)	(25)
Payments to RCI holders		(33)	–	–
Profit retained for the financial year		1,121	355	103

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

For each of the years reported above, there was no material difference between profit before tax and profit retained, and historical cost profits.

Statement of total recognised gains and losses For the year ended 31st December 2000

	2000 £m	1999 £m	1998 £m
Profit for the financial year attributable to the members of Barclays Bank PLC	2,530	1,787	1,342
Exchange rate translation differences	36	(65)	29
Other items	8	25	–
Joint ventures and associated undertakings	6	(19)	31
Total recognised gains relating to the period	2,580	1,728	1,402
Prior period adjustment*	–	(81)	–
Total gains and losses recognised including prior period adjustment	2,580	1,647	1,402

* The prior period adjustment relates to the adoption of FRS 12 in 1999 which resulted in the net charge to shareholders' funds with respect to provisions made for vacant leasehold properties.

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Assets					
Cash and balances at central banks			1,243		1,166
Items in course of collection from other banks			2,509		2,492
Treasury bills and other eligible bills	15		5,564		7,176
Loans and advances to banks – banking		9,570		13,071	
– trading		26,856		26,555	
	16		36,426		39,626
Loans and advances to customers – banking		138,423		95,006	
– trading		23,687		21,562	
	17		162,110		116,568
Debt securities	19		70,770		53,919
Equity shares	20		4,062		5,604
Interests in joint ventures – share of gross assets		180		121	
– share of gross liabilities		(118)		(71)	
	21		62		50
Interests in associated undertakings	21		60		56
Intangible fixed assets	22		4,269		183
Tangible fixed assets	23		2,059		1,800
Other assets	25		15,518		15,910
Prepayments and accrued income	27		2,827		2,203

Retail life-fund assets attributable to policyholders	26	307,479	246,753
		8,711	8,040
Total assets		316,190	254,793

The note numbers refer to the notes on pages 87 to 152.

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Liabilities					
Deposits by banks – banking		32,445		26,915	
– trading		17,311		17,571	
	28		49,756		44,486
Customer accounts – banking		140,352		105,027	
– trading		18,616		18,939	
	29		158,968		123,966
Debt securities in issue	30		31,883		23,329
Items in course of collection due to other banks			1,176		1,400
Other liabilities	31		38,184		35,119
Balances due to Barclays PLC			632		484
Accruals and deferred income	32		4,457		3,290
Provisions for liabilities and charges – deferred tax	33		631		596
Provisions for liabilities and charges – other	34		635		651
Subordinated liabilities:					
Undated loan capital – convertible to preference shares	35		335		309
Undated loan capital – non-convertible	35		2,337		1,440
Dated loan capital – non-convertible	36		3,698		2,848
			292,692		237,918
Minority interests and shareholders' funds					
Minority interests – equity			108		82
Called up share capital	a	2,275		2,088	
Share premium account		5,269		1,881	
Revaluation reserve		35		37	
Other shareholders' funds	b	1,350		–	
Profit and loss account		5,750		4,747	
Shareholders' funds – equity and non-equity	c		14,679		8,753
			14,787		8,835
Retail life-fund liabilities to policyholders	26		307,479		246,753
			8,711		8,040
Total liabilities and shareholders' funds			316,190		254,793
Memorandum items					
Contingent liabilities:	45				
Acceptances and endorsements			1,170		1,530
Guarantees and assets pledged as collateral security			15,180		12,044
Other contingent liabilities			6,503		5,360
			22,853		18,934
Commitments – standby facilities, credit lines and other			87,971		82,479

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

Consolidated statement of changes in reserves As at 31st December 2000

	2000 £m	1999 £m	1998 £m
Share premium account			
At beginning of year	1,881	1,672	1,574
Premium arising on shares issued	3,367	202	100
Exchange rate translation differences	21	7	(2)
At end of year	5,269	1,881	1,672
Revaluation reserve			
At beginning of year	37	36	35
Exchange rate translation differences	(2)	(3)	1
Revaluation of interest in associated undertaking	–	5	–
Other items	–	(1)	–
At end of year	35	37	36
Other shareholders' funds			
At beginning of year	–	–	–
Issued (net of discount)	1,350	–	–
At end of year	1,350	–	–
Profit and loss account			
At beginning of year	4,747	4,321	4,147
Profit retained	1,121	355	103
Redemption of preference shares	(149)	–	–
Exchange rate translation differences	19	(67)	31
Goodwill written back on disposals	–	138	10
Other items	12	–	30
At end of year	5,750	4,747	4,321
Total reserves	12,404	6,665	6,029

The Group operates in a number of countries subject to regulations under which a local subsidiary undertaking has to maintain a minimum level of capital. The current policy of the Group is that local capital requirements are met, as far as possible, by the retention of profit. Certain countries operate exchange control regulations which limit the amount of dividends that can be remitted to non-resident shareholders. It is not possible to determine the amount of profit retained and other reserves that is restricted by these regulations, but the net profit retained of overseas subsidiaries, associated undertakings and joint ventures at 31st December 2000 totalled £953m (1999 £789m, 1998 £732m). If such overseas reserves were to be remitted, other tax liabilities, which have not been provided for in the accounts, might arise.

Accumulated exchange rate translation differences are £440m debit (1999 £478m debit, 1998 £415m debit).

Goodwill amounting to £215m (1999 £215m, 1998 £353m) has been charged directly against reserves in the current and prior years in respect of acquisitions. This amount is net of any goodwill attributable to subsidiary undertakings disposed of prior to the balance sheet date.

Consolidated cash flow statement For the year ended 31st December 2000

Note	2000		1999		1998	
	£m	£m	£m	£m	£m	£m
		8,499		8,917		(1,674)
Dividends received from associated undertakings		1		5		3
Returns on investments and servicing of finance:						
Interest paid on loan capital and other subordinated liabilities		(346)		(253)		(220)
Preference dividends paid		(24)		(28)		(25)
Payment to Reserve Capital Instrument holders		(24)		-		-
Dividends paid to minority shareholders		(10)		(9)		(7)
Net cash outflows from returns on investment and servicing of finance		(404)		(290)		(252)
Tax paid		(636)		(636)		(547)
Capital expenditure and financial investment:						
Capital expenditure		(365)		(224)		(305)
Sale of property and equipment		112		58		107
Purchase of investment securities		(14,490)		(13,094)		(10,866)
Redemption of investment securities		5,666		2,476		3,874
Sale of investment securities		4,115		2,894		9,523
Net cash (outflow)/inflow from capital expenditure and financial investment		(4,962)		(7,890)		2,333
Acquisitions and disposals:						
Acquisition of subsidiary undertakings	54	(2,421)		60		(70)
Acquisition of associated undertakings and joint ventures		-		-		(43)
Sale of associated undertakings		13		8		7
Sale of other group undertakings	51	307		174		690
Net cash (outflow)/inflow from acquisitions and disposals		(2,101)		242		584
Equity dividend paid:		(1,217)		(1,328)		(822)
Net cash (outflow) before financing		(820)		(980)		(375)
Financing:						
Issue of Reserve Capital Instruments (net of expenses)		1,350		-		-
Issue of loan capital and other subordinated liabilities (net of expenses)		861		859		962
Redemption/repurchase of loan capital and other subordinated liabilities		(212)		(15)		(240)
Issue of ordinary shares		195		214		110
Redemption of preference shares		(149)		-		-
Net cash inflow from financing		2,045		1,058		832
Increase in cash	53	1,225		78		457

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

a Called up share capital

Ordinary shares

The authorised ordinary share capital of the Bank, at 31st December 2000, was 2,500m (1999 2,500m) ordinary shares of £1 each.

	2000 £m	1999 £m
Called up share capital, allotted and fully paid		
At beginning of year	2,088	2,076
Issued to acquire The Woolwich	177	–
Issued for cash	10	12
At end of year	2,275	2,088

Preference shares

The authorised preference share capital of the Bank is 150m (1999 150m) shares of \$0.01 each. At 31st December 2000, 17m (1999 34.92m) preference shares were outstanding and had been issued for a consideration of \$212.5m which the nominal value was \$170,000 and the balance was share premium.

	Number of shares issued	Nominal value per share \$	Premium per share \$	Liquidation value per share \$	Earliest redemption date
Series D1	8,500,000	0.01	19.99	20.00	29th March 2001
Series D2	8,500,000	0.01	4.99	5.00	29th March 2001

The Series D1 and D2 Preference Shares are redeemable, at the option of the Bank, as a whole at their liquidation values, together with accrued and unpaid dividends for the current quarterly dividend period to the date of redemption.

In the event of a winding up, the holders of preference shares will be entitled to receive, before any distribution of assets is made to holders of ordinary shares of Barclays Bank PLC, liquidating distributions in the amounts of Series D1, \$20; and Series D2, \$5 per share plus an amount equal to accrued and unpaid dividends for the current quarterly dividend period to the date of commencement of the winding up.

The holders of preference shares are not entitled to receive notice of, or to attend or vote at, any general meeting of Barclays Bank PLC, except where there has been a failure to pay the equivalent of six consecutive quarterly dividends (in which case they may appoint two additional Directors), or where a resolution is proposed for adoption by shareholders providing for the winding up of the Bank. However, Series D1 Preference shareholders may receive notice of and attend the general meeting called for the purpose and vote on that resolution.

During the year 17,920,000 series C1 and C2 preference shares were redeemed.

In the event of the conversion of the Series E Notes (see page 105), the rights of the Series E1 and E2 Preference Shares are the same as those for Series D1 and D2 respectively. The Series E Preference Shares issued on conversion are redeemable, at the option of the Bank, in full on or after 30th April 2003.

b Other shareholders' funds

Other shareholders' funds are represented by Reserve Capital Instruments (RCIs) of €850m (1999 €nil) and US\$1,250m (1999 US\$nil). RCIs are perpetual securities and have no maturity date. However, the RCIs are redeemable in whole, but not in part, at the option of the Bank subject to the prior approval of the FSA and the Auditors of the Bank having reported to the Trustee within the previous six months that a solvency condition is met, at their principal amount together with any outstanding payments on 15th December 2010, in respect of the euro RCIs, and 15th June 2011, in respect of the US dollar RCIs, or any respective coupon payment date thereafter.

The euro RCIs bear coupons at a rate of 7.50% per annum from (and including) 3rd May 2000 to (but excluding) 15th December 2010 and thereafter at a rate, reset quarterly, of 2.95%, per annum above the euro-zone interbank offered rate for three month euro deposits. The US dollar RCIs bear coupons at a rate of 8.55% per annum from (and including) 19th September 2000 to (but excluding) 15th June 2011 and thereafter at a rate, reset quarterly, of 3.00% per annum above the London interbank offered rate for three month US dollar deposits.

The rights and claims of the RCI holders are subordinated to the claims of unsubordinated creditors and subordinated creditors which hold any of the Bank's loan capital. Upon any winding up of the Bank, the holder of each RCI will rank *pari passu* with the holders of the most senior class or classes of preference shares (if any) of the Bank then in issue and in priority to all other Bank shareholders.

c Shareholders' funds

Shareholders' funds at 31st December 2000 include £142m (1999 £270m) of non-equity share premium (see Preference shares in note a above) and £1,350m (1999 £nil) of other shareholders' funds (see note b above). All other shareholders' funds represent equity interests.

d Dividends

	2000 £m	1999 £m	1998 £m
On ordinary shares			
Interim dividends	733	918	804
Final interim dividend	619	486	410
	1,352	1,404	1,214

These dividends are paid to enable Barclays PLC to fund its dividends to its shareholders and, in 2000, to fund the repurchase by Barclays PLC of 19.6m of its ordinary shares at a total cost of £310.5m (1999 27.8m at a total cost of £504m), and to fund contributions of £114m (1999 £154m) made by Barclays PLC to the QUEST (see page 84) to enable the purchase of new Barclays PLC ordinary shares on the exercise of options under the SAYE Share Option Scheme.

Dividends on the preference shares are paid quarterly at such rates as will, including the UK associated tax credit and before deduction of UK withholding tax (see Taxation), result in annual dividends to holders, expressed as percentages of the liquidation values of the relevant preference shares, of 11.25% on Series C1 and Series C2 Preference Shares (prior to their redemption on 30th June 2000) and 11.5% on Series D1 and Series D2 Preference Shares. Preference dividends paid totalled \$35m (£24m) in 2000, \$40m (£28m) in 1999 and \$40m (£25m) in 1998.

In the event of the conversion of the Series E Notes, the annual dividends, expressed as a percentage of the liquidation values, on the Series E1 and E2 Preference Shares would be 9.25%.

e Reconciliation of operating profit to net cash flow from operating activities

	2000 £m	1999 £m	1998 £m
Net cash inflow/(outflow) from operating activities of Barclays PLC (see note 50)	8,486	8,923	(1,337)
Increase/(decrease) in balance due by Barclays Bank PLC to Barclays PLC	13	(6)	(337)
Net cash inflow/(outflow) from operating activities of Barclays Bank PLC	8,499	8,917	(1,674)

f Changes in financing during the year

	Undated loan capital £m	Dated loan capital £m	Ordinary shares £m	Share premium £m	Reserve Capital Instruments £m
Barclays Bank PLC					
At beginning of year	1,749	2,848	2,088	1,881	–
Exchange rate and other movements	73	96	–	21	–
Profit on redemption/repurchase of loan capital	(2)	–	–	–	–
Acquisition of The Woolwich	187	770	177	3,182	–
Net cash inflow/(outflow) from financing	665	(16)	10	185	1,350
At end of year	2,672	3,698	2,275	5,269	1,350

Series C1 and C2 preference shares were redeemed in the year. The redemption cost was charged to the profit and loss reserve and has not been included in the table above.

g Segmental analysis

	2000 £m	2000 %	1999 £m	1999 %	1998 £m	1998 %
By geographical segments (a)						
Attributable profit						
UK	2,136	84	1,207	67	1,107	82
Foreign UK-based	(36)	(1)	184	10	(46)	(3)
Other European Union	271	11	262	15	213	16
United States	25	1	71	4	21	2
Rest of the World	134	5	63	4	47	3
	2,530	100	1,787	100	1,342	100

Note

(a) For the basis of the geographical analysis, see Analyses by geographical segments and classes of business on page 134.

h Differences between UK and US accounting principles – Barclays Bank PLC

The following table summarises the significant adjustments to consolidated attributable profit (net income under US GAAP) and shareholders' funds (shareholders' equity under US GAAP) which would result from the application of US GAAP instead of UK GAAP.

	2000 £m	1999 £m	1998 £m
Approximate net income (US GAAP) of Barclays PLC Group (from page 140)	2,195	1,695	1,370
Preference share dividends and other appropriations of Barclays Bank PLC	57	28	25
Approximate net income (US GAAP) of Barclays Bank PLC Group	2,252	1,723	1,395

	Note	2000 £m	1999 £m
Shareholders' funds (UK GAAP) of Barclays Bank PLC Group		14,679	8,753
Goodwill	(a)	66	78
Core deposit intangible	(b)	(12)	–
Pension cost	(c)	(259)	(66)
Post-retirement benefits	(c)	(15)	–
Leasing – lessor	(d)	(168)	(154)
Leasing – lessee	(e)	13	10
Deferred tax	(g)	–	162
Property depreciation		(41)	(44)
Share compensation schemes	(h)	(110)	(66)
Shareholders' interest in the long-term assurance fund		(751)	(674)
Revaluation of property	(k)	(273)	(278)
Net unrealised gain on investment securities	(i)	322	68
Dividend payable		619	484
Restructuring of business provisions		15	–
Internal use software	(p)	218	95
Internal hedging	(q)	54	(94)
Mortgage incentives	(r)	17	–
Fair value amortisation charge	(q)	1	–
Non-qualifying special purpose vehicles	(s)	(72)	–
Tax effect on the above UK/US GAAP reconciling items		210	263
Approximate shareholders' equity (US GAAP) of Barclays Bank PLC Group		14,513	8,537

The note numbers refer to the notes on pages 141 to 149.

h Differences between UK and US accounting principles – Barclays Bank PLC (continued)

SFAS 130 – Comprehensive income

The following table details the approximate comprehensive income and accumulated other income under US GAAP.

	2000 £m	1999 £m	1998 £m
Barclays Bank PLC – Approximate net income (US GAAP)	2,252	1,723	1,395
Net exchange translation differences *	7	(19)	38
Net unrealised gains on investment securities**	177	(111)	7
Barclays Bank PLC – Approximate comprehensive income (US GAAP)	2,436	1,593	1,440
Net exchange translation differences	(286)	(293)	(274)
Net unrealised gains on investment securities**	225	48	159
Accumulated other comprehensive income	(61)	(245)	(115)

* including reclassification to net income on disposal of investments.

** net of tax effect of £77m (1999 £(51m), 1998 £2m).

Selected financial statistics	2000 %	1999 %	1998 %	1997 %	1996 %
Attributable profit as a percentage of: average total assets (note (a))	0.83	0.73	0.55	0.54	0.91
average shareholders' funds	23.75	20.88	16.67	14.98	22.37
Average shareholders' funds as a percentage of average total assets (note (a))	3.49	3.50	3.31	3.60	4.07

Selected profit and loss account data	£m	£m	£m	£m	£m
Interest receivable	11,788	9,320	9,912	9,127	8,730
Interest payable	6,635	4,696	5,604	5,095	4,825
Profit on redemption/repurchase of loan capital	2	3	3	2	32
Non interest income	4,443	3,746	3,035	3,515	3,526
Operating expenses	5,492	5,144	4,915	5,193	5,097
Provisions – bad and doubtful debts	817	621	492	227	215
– contingent liabilities and commitments	(1)	1	76	4	9
Loss from joint ventures	(1)	(1)	–	–	–
(Loss)/income from associated undertakings	(7)	(13)	22	16	23
Loss on sale or termination of BZW businesses	–	(30)	(3)	(469)	–
Profit/(loss) on disposal of other Group undertakings	214	(108)	4	44	70
Write-down of fixed asset investments	–	–	(4)	(19)	–
Profit before tax	3,496	2,455	1,882	1,697	2,235
Attributable profit	2,530	1,787	1,342	1,157	1,655

Selected balance sheet data	£m	£m	£m	£m	£m
Shareholders' funds	14,679	8,753	8,105	7,822	7,456
Dated and undated loan capital	6,370	4,597	3,734	2,868	3,031
Deposits by banks, customer accounts and debt securities in issue	240,607	191,781	161,049	173,283	142,554
Loans and advances to banks and customers	198,536	156,194	132,722	136,706	118,441
Total assets	316,190	254,793	219,494	232,429	185,161

Note

(a) For the purposes of this summary, the retail life-fund assets attributable to policyholders have been excluded from average total assets.

US GAAP financial data

The following financial information has been adjusted from data prepared under UK GAAP to reflect significant differences from accounting principles generally accepted in the United States (US GAAP). See note 61 for an explanation of these differences.

Selected financial statistics

	2000(b) ¢	2000 p	1999 p	1998 p	1997 p	1996 p
Barclays PLC Group						
Earnings per £1 ordinary share	216.1	145.0	113.2	90.8	83.9	98.2
Dividends per £1 ordinary share	78.2	52.5	45.0	39.0	33.5	28.0
Book value per £1 ordinary share	1,168	784	553	515	487	460
		%	%	%	%	%
Net income as a percentage of:						
average total assets		0.69	0.67	0.55	0.58	0.83
average shareholders' equity		22.72	20.82	17.84	17.38	21.89
Dividends as a percentage of net income		35.49	39.88	43.13	40.27	28.35
Average shareholders' equity as a percentage of average total assets		3.02	3.22	3.06	3.32	3.79
Barclays Bank PLC Group						
Net income as a percentage of:						
average total assets		0.70	0.68	0.56	0.59	0.84
average shareholders' equity		21.37	20.43	17.85	17.78	22.22
Average shareholders' equity as a percentage of average total assets		3.29	3.33	3.11	3.31	3.79

Selected financial statement data

	2000 \$m	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Net income (note (a)):						
Barclays PLC Group	3,271	2,195	1,695	1,370	1,274	1,545
Barclays Bank PLC Group	3,355	2,252	1,723	1,395	1,298	1,570
Shareholders' equity (note (a)):						
Barclays PLC Group	19,413	13,029	8,262	7,781	7,409	7,082
Barclays Bank PLC Group	21,624	14,513	8,537	8,083	7,377	7,056
Total assets (note (a)):						
Barclays PLC Group	488,133	327,606	256,644	220,698	234,104	185,090
Barclays Bank PLC Group	488,140	327,611	256,649	220,741	234,147	185,090

Notes

(a) Net income and shareholders' equity have been adjusted to reflect significant differences between UK and US GAAP, as shown on page 140 to the accounts. Total assets have been adjusted to reflect such differences together with adjustments set out in footnotes s), t), v) and y) to note 61.

(b) The dollar financial information has been translated for convenience at the rate of \$1.49 to £1, the Noon Buying Rate for cable transfers in New York City, payable in pounds sterling, at 31st December 2000.

Shareholder information

Dividends on the ordinary shares of Barclays PLC

Barclays PLC has paid dividends on its ordinary shares every year without interruption since its incorporation in 1896.

The dividends declared for each of the last five years were:

Pence per £1 ordinary share

	2000	1999	1998	1997	1996
First interim	20.00	17.50	15.50	13.50	11.50
Second interim (1999 and 1998 second interim, other comparative years final)	38.00	32.50	27.50	23.50	20.00
	58.00	50.00	43.00	37.00	31.50

US Dollars per £1 ordinary share

	2000	1999	1998	1997	1996
First interim	0.29	0.29	0.26	0.22	0.19
Second interim (1999 and 1998 second interim, other comparative years final)	0.55	0.51	0.44	0.39	0.33
	0.84	0.80	0.70	0.61	0.52

The gross dividends applicable to an American Depositary Share (ADS) representing four ordinary shares, before deduction of withholding tax, but including the UK imputed tax credit for dividends paid before 6th April 1999 (see Taxation of US holders (page 174)) are as follows.

US Dollars per American Depositary Shares

	2000	1999	1998	1997	1996
First interim	1.16	1.16	1.32	1.09	0.93
Second interim (1999 and 1998 second interim, other comparative years final)	2.20	2.03	1.77	1.95	1.63
	3.36	3.19	3.09	3.04	2.56

Dividends expressed in dollars are translated at the noon buying rates in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York (the 'Noon Buying Rate') for the days on which dividends are paid, except for the 2000 second interim dividend, payable in the UK on 30th April 2001, which is translated at Noon Buying Rate applicable on 20th February 2001, the latest practical date for inclusion in this report. No representation is made that pounds sterling amounts have been, or could have been, or could be, converted into dollars at these rates.

Dividends on the preference shares of Barclays Bank PLC

Dividends on the preference shares are paid quarterly at such rates as will, including the UK associated tax credit if any and before deduction of UK withholding tax (see Taxation), result in annual dividends to holders of 11.5% on the aggregate liquidation values of Series D1 and Series D2 Preference Shares.

Trading market for ordinary shares of Barclays PLC

The nominal capital of Barclays PLC is divided into 1,999,000,000 ordinary shares of £1 each (ordinary shares) and 1,000,000 staff shares of £1 each (staff shares). At the close of business on 31st December 2000 1,661,643,535 £1 ordinary shares and 875,000 staff shares were outstanding.

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Ordinary share listings were also obtained on the Tokyo Exchange with effect from 1st August 1986 and the New York Stock Exchange (NYSE) with effect from 9th September 1986.

Trading on the NYSE is in the form of ADSs under the symbol 'BCS'. Each ADS represents four £1 ordinary shares and is evidenced by an ADR. The ADR depository is Morgan Guaranty Trust Company of New York. Details of trading activity are published in the stock tables of leading daily newspapers in the United States.

There were 545 recorded holders of ordinary shares, including those holding ADRs, with US addresses at 31st December 2000, whose shareholdings represented approximately 0.12% of total outstanding ordinary shares on that date. Since certain of the ordinary shares and ADRs were held by brokers or other nominees, the number of recorded holders in the US may not be representative of the number of beneficial holders or of their country of residence.

The following table shows the high and low sales prices for the £1 ordinary shares during the periods indicated, based on mid-market prices at close of business on the London Stock Exchange and the high and low sale prices for ADSs as reported on the NYSE composite tape.

The following table shows the high and low sales prices for the £1 ordinary shares during the periods indicated, based on mid-market prices at close of business on the London Stock Exchange and the high and low sale prices for ADSs as reported on the NYSE composite tape.

	£1 ordinary shares		American Depositary Shares	
	High p	Low p	High US\$	Low US\$
2000				
By month				
December	2,113	1,924	128 ³ / ₈	115
November	2,010	1,860	118 ¹ / ₄	106 ³ / ₈
October	1,972	1,672	118 ¹ / ₈	99 ⁷ / ₈
September	1,872	1,697	110 ⁵ / ₈	97
August	1,803	1,543	110	93 ¹ / ₂
July	1,650	1,469	101	90 ⁷ / ₈
By quarter				
Fourth quarter	2,113	1,672	128 ³ / ₈	99 ⁷ / ₈
Third quarter	1,872	1,469	110 ⁵ / ₈	90 ⁷ / ₈
Second quarter	1,828	1,539	116	94 ¹⁵ / ₈
First quarter	1,693	1,344	115 ¹ / ₂	91
1999				
Fourth quarter	1,996	1,617	129	105 ¹ / ₂
Third quarter	1,934	1,605	123 ¹ / ₂	104
Second quarter	2,011	1,724	129 ¹ / ₂	114
First quarter	1,893	1,288	124	86
1998	1,949	838	130 ⁷ / ₈	58 ³ / ₈
1997	1,750	980	115 ⁵ / ₈	63 ³ / ₈
1996	1,036	688	70	41 ¹ / ₄

Trading market for preference shares of Barclays Bank PLC

At 31st December 2000, Barclays Bank PLC had outstanding 17,000,000 non-cumulative dollar-denominated preference shares, issued in 1991, with a nominal value of \$0.01 each. Currently, the only trading market for these shares is the NYSE where they are traded in the form of ADSs, each ADS representing one preference share and being evidenced by an ADR. The Series D1 and Series D2 Preference Share ADSs are traded on the NYSE as Series D Preference Share ADS Units and each such Unit comprises one Series D1 Preference Share ADS and one Series D2 Preference Share ADS. The ADR depository is Morgan Guaranty Trust Company of New York. At 31st December 2000, the Series D Preference Share ADR Units were held by 849 recorded holders, all with US addresses.

The following table shows the high and low sale prices for the Series D Preference Share ADS Units during the periods indicated, as reported on the NYSE composite tape.

	American Depositary Shares Series D	
	High US\$	Low US\$
2000		
By month		
December	25 ⁵ / ₆	25 ¹ / ₆
November	25 ⁵ / ₆	25 ⁵ / ₆
October	26	25 ¹ / ₆
September	25 ³ / ₆	25 ⁷ / ₆
August	25 ¹¹ / ₆	25 ⁵ / ₆
July	26 ¹ / ₆	25 ³ / ₆
By quarter		
Fourth quarter	26	25 ⁵ / ₆
Third quarter	26 ¹ / ₆	25 ⁵ / ₆
Second quarter	26 ³ / ₆	25 ³ / ₆
First quarter	26 ³ / ₆	25 ⁵ / ₆
1999		
Fourth quarter	26 ³ / ₆	25 ³ / ₆
Third quarter	27 ¹ / ₆	26 ¹ / ₆
Second quarter	27 ¹ / ₆	26 ¹ / ₆
First quarter	28 ¹ / ₆	27 ¹ / ₆
1998	29 ¹ / ₆	26 ³ / ₆
1997	29 ¹ / ₆	27 ¹⁵ / ₆
1996	29 ¹ / ₆	27 ³ / ₆

The Series D1 and Series D2 Preference Share ADSs were issued during 1991.

Note

This section incorporates information on the prices at which securities of Barclays PLC and Barclays Bank PLC have traded. It is emphasised that past performance cannot be relied upon as a guide to future performance.

Shareholdings at 31st December 2000

	Shareholders			Shares held Percentage of called up ordinary shares
	Number	Percentage of total holders	Number (millions)	
Classification of shareholders				
Personal holders	432,818	93.83	172.5	10.38
Banks and nominee companies	22,802	4.94	1,371.1	82.52
Other companies	5,169	1.12	70.3	4.23
Insurance companies	449	0.10	32.8	1.98
Pension funds	40	0.01	14.8	0.89
Totals	461,278	100.00	1,661.5	100.00
Shareholding range				
1-100	249,892	54.17	14.3	0.86
101-250	94,018	20.38	14.2	0.86
251-500	41,999	9.10	14.5	0.87
501-1,000	28,505	6.18	20.8	1.25
1,001-5,000	38,546	8.36	82.1	4.94
5,001-10,000	4,597	1.00	31.5	1.90
10,001-25,000	1,765	0.38	26.1	1.57
25,001-50,000	552	0.12	19.5	1.17
50,001 and over	1,404	0.31	1,438.5	86.58
Totals	461,278	100.00	1,661.5	100.00

Memorandum and Articles of Association

The Company was incorporated in England and Wales on 20th July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares and was re-registered in 1982 as a public limited company under the Companies Acts 1948 to 1980. The Company is registered under company number 48839. The Company was re-registered as Barclays PLC on 1st January 1985.

The objects of the Company are set out in full in clause 4 of its memorandum of association which provides, among other things, that the Company's objects are to carry on the business of an investment and holding company in all respects.

Directors

A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he (or any person connected with him) has a material interest (other than by virtue of his interest in securities of the Company) or if he has a duty which conflicts or may conflict with the interests of the Company, unless the resolution relates to any proposal:

- (i) to indemnify a Director in respect of any obligation incurred for the benefit of the Company (or any other member of the Group);
- (ii) to indemnify a third party in respect of any obligation for which the Director has personally assumed responsibility;
- (iii) to indemnify a Director for any liability which he may incur in the performance of his duties or to obtain insurance against such a liability;
- (iv) involving the acquisition by a Director of any securities of the Company pursuant to an offer to existing holders of securities or to the public;
- (v) that the Director underwrite any issue of securities of the Company (or any of its subsidiaries);
- (vi) concerning any other company in which the Director is interested as an officer or creditor or shareholder, but only if he owns less than 1% of either the issued equity share capital or of the voting rights of that company;
- (vii) concerning any superannuation fund or retirement, death or disability benefits scheme or employees share scheme, so long as any such fund or scheme does not give additional advantages to the Directors which are not granted to the employees who are in the fund or scheme; and
- (viii) concerning any other arrangement for the benefit of employees of the Company or any other member of the Group under which the Director benefits in a similar manner to the employees concerned and which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.

A Director may not vote or be counted in the quorum on any resolution which concerns his own employment with the Company or any other company in which the Company is interested.

The Directors may exercise all the powers of the Company to borrow money.

A Director must retire from office at the conclusion of the first annual general meeting after he reaches the age of 70.

A Director is required to hold an interest in ordinary shares having a nominal value of at least £500. A Director may act before acquiring those shares but must acquire the qualification shares within two months after his or her appointment.

At each annual general meeting one-third of the Directors for the time being (rounded down if necessary) are required to retire from office.

Classes of share

The Company has two classes of shares, ordinary shares and staff shares, to which the provisions set out below apply.

(a) Dividends

Under English law, dividends are payable on the Company's ordinary shares only out of profits available for distribution, as determined in accordance with accounting principles generally accepted in the UK and by the Companies Act 1985. The Company in general meeting may declare dividends by ordinary resolution, but such dividend may not exceed the amount recommended by the Directors. The Directors may pay interim dividends if it appears they are justified by the Company's financial position.

The profits which are resolved to be distributed in respect of any financial period are applied first in payment of a fixed dividend of 20% per annum on the staff shares and then in payment of dividends on the ordinary shares.

If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Company.

The Directors may, with the approval of an ordinary resolution of the Company, offer shareholders the right to choose to receive an allotment of new ordinary shares credited as fully paid instead of cash in respect of all or part of any dividend.

(b) Voting

Every member who is present in person or represented at any general meeting of the Company and who is entitled to vote has one vote on a show of hands. On a poll every member who is present or represented has one vote for every share held.

If any sum remains unpaid in relation to a member's shareholding that member is not entitled to vote that share unless the board otherwise determines.

If any member, or any other person appearing to be interested in any shares in the Company, is served with a notice under Section 212 of the Companies Act 1985 and does not supply the Company with the information required in the notice, then the board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the company.

(c) Liquidation

In the event of any return of capital on liquidation the ordinary shares and the staff shares rank equally in proportion to the amounts paid up or credited as paid up on the shares of each class, except that in the event of a winding up of the company the holders of the staff shares are only entitled to participate in the surplus assets available for distribution up to the amount paid up on the staff shares plus 10%.

(d) Redemption provisions

Subject to the Companies Act 1985, any share may be issued on terms that it is, at the option of the Company or the holder of such share, redeemable. The Company has no redeemable shares in issue.

(e) Calls on capital

The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred.

Variation of rights

The rights attached to any class of shares may be varied with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

Annual and extraordinary general meetings

The Company is required to hold a general meeting each year as its annual general meeting in addition to other meetings (called extraordinary general meetings) as the Directors think fit. The type of the meeting will be specified in the notice calling it. Not more than 15 months may elapse between the date of one annual general meeting and the next.

In the case of an annual general meeting or a meeting for the passing of a special resolution (requiring the consent of a 75% majority) 21 clear days' notice is required. In other cases 14 clear days' notice is required. The notice must specify the place, the date and the hour of the meeting, and the general nature of the business to be transacted.

Subject as noted in (b) above, all shareholders are entitled to attend and vote at general meetings. The articles of association do, however, provide that arrangements may be made for simultaneous attendance at a general meeting at a place other than that specified in the notice of meeting, in which case some shareholders may be excluded from the specified place.

Limitations on foreign shareholders

There are no limitations imposed by English law or the Company's memorandum or articles of association on the right of non-residents or foreign persons to hold or vote the Company's ordinary shares other than the limitations that would generally apply to all of the Company's shareholders.

Taxation

The following is a summary of the principal tax consequences for holders of ordinary shares of Barclays PLC, preference shares of the Bank, ADRs representing such ordinary shares or preference shares and loan capital guaranteed by the Bank, who are citizens or residents of the UK or United States, or otherwise who are subject to UK tax or US federal income tax on a net income basis in respect of such securities. It is not, however, a comprehensive analysis of all the potential tax consequences for such holders and investors are advised to consult their tax advisers regarding the tax implications of their particular holdings, including the consequences under applicable state and local law. Unless otherwise noted, the statements of tax laws set out below are based on the laws in force as at 7th February 2001 and are subject to any subsequent changes in UK or US law, in particular any announcements made in the Chancellor's UK Budget on 7th March 2001, or in any double tax convention between the United States and the UK. An announcement that this was being re-negotiated was made on 1st October 1998. In addition, this section is based in part upon the representations of the ADR Depositary and the

assumption that each obligation of the Deposit Agreement and any related agreement will be performed in accordance with its terms.

For the purposes of the current US-UK double tax conventions relating to income tax (the Income Tax Convention) and estate and gift tax (the Estate Tax Convention) and for the purposes of the US Internal Revenue Code of 1986, as amended (the Code), the holders of ADRs are treated as owners of the underlying ordinary shares or preference shares, as the case may be.

Taxation of UK holders

Taxation of dividends

In accordance with UK law, Barclays PLC and the Bank pay dividends on ordinary shares and preference shares without any deduction or withholding tax in respect of any taxes imposed by the UK government or any UK taxing authority.

If the shareholder is a UK resident individual liable to income tax only at the basic rate or the lower rate, then there will be no further tax liability in respect of the dividend received. If, however, the individual shareholder is subject to income tax at the higher rate (currently 40%), there will be a further liability to tax. Higher rate taxpayers are taxable on dividend income at a special rate of (currently 32.5%) against which can be offset a tax credit of one-ninth of the dividend paid. Tax credits are no longer repayable to shareholders with no tax liability.

Taxation of shares under the Dividend Reinvestment Plan

Where a shareholder elects to purchase shares using their cash dividend, the individual will be liable for income tax on dividends reinvested in the Plan on the same basis as if they had received the cash and arranged the investment themselves. They should accordingly include the dividend received in their annual tax return in the normal way. The tax consequences for a UK individual are the same as described in 'Taxation of dividends' above.

Taxation of capital gains

Where shares are disposed of by open market sale, a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares sold and any other allowable deductions such as share dealing costs, indexation relief (up to 5th April 1998) and taper relief (generally on shares held at 16th March 1998 and subsequent acquisitions). To arrive at the total base cost of any Barclays PLC shares held, the amount subscribed for rights taken up in 1985 and 1988 must be added to the cost of all other shares held. For this purpose, current legislation permits the market valuation at 31st March 1982 to be substituted for the original cost of shares purchased before that date.

The calculations required to compute chargeable capital gains, particularly taper and indexation reliefs, may be complex. Capital gains may also arise from the gifting of shares to connected parties such as relatives (although not spouses) and family trusts. Shareholders are advised to consult their personal financial adviser if further information regarding a possible tax liability in respect of their holdings of Barclays PLC shares is required.

Stamp duty

On the purchase of shares, stamp duty or stamp duty reserve tax at the rate of 1/2% is normally payable on the purchase price of the shares.

Inheritance tax

An individual may be liable to inheritance tax on the transfer of ordinary shares or preference shares. Where an individual is liable, inheritance tax may be charged on the amount by which the value of his or her estate is reduced as a result of any transfer by way of gift or other gratuitous transaction made by them or treated as made by them.

Taxation of US holders

Taxation of dividends

Under the Income Tax Convention, a beneficial owner of ordinary shares or preference shares who is a resident of the United States and not a resident of the UK, whose holding is not effectively connected with a permanent establishment or fixed base in the UK and who is not subject to special rules (such as those that apply to US tax-exempt entities and certain investment or holding companies, 25% of the capital of which is held directly or indirectly by persons that are not individual residents or nationals of the United States (a US holder)) has generally been entitled to receive a refund from the UK Inland Revenue, in addition to any dividend paid by Barclays PLC or the Bank, of an amount equal to the tax credit available to UK resident individuals, less a withholding tax equal to 15% of the aggregate of the tax credit and the dividend.

For dividends paid on or after 6th April 1999, the tax credit has been reduced to one-ninth of the dividend paid, although the withholding rate remains at 15% (but not to exceed the amount of the tax credit). Thus, US holders generally are no longer entitled to a refund of the tax credit as of that date or are entitled only to a residual refund equal to less than 1% of the amount of the dividend. In respect of dividends paid after 6th April 1999 any US holder entitled to such refund must, in order to obtain it, file a claim for payment in the manner, and at the time, specified by the procedures established by the UK Inland Revenue. Dividends received by a US holder will be foreign source income for US federal income tax purposes in the amount equal to the US dollar value of the payment (including the related tax credit amount if the benefit of the Income Tax convention is claimed), on the date of such payment. Dividends generally will not be eligible for the 'dividends received' deduction allowed to US corporations under the Code. Subject to certain limitations, UK tax withheld from payments will be available as a credit against US tax (assuming such US holder claims the benefits of the Income Tax Convention with respect to such dividends).

Taxation of capital gains

Generally, US holders will not be subject to UK tax, but will be subject to US tax on capital gains realised on the sale or other disposition of ordinary shares, preference shares or ADRs (assuming such shares are held as capital assets).

Taxation of premium on redemption or purchase of shares

No refund of tax will be available under the Income Tax Convention in respect of any premium paid on a redemption of preference shares by the Bank or on a purchase by Barclays PLC of its own shares.

For US tax purposes, redemption premium generally will be treated as an additional amount realised in the calculation of gain or loss.

Stamp duty

No UK stamp duty is payable on the transfer of an ADR, provided that the separate instrument of transfer is not executed in, and remains at all times outside, the UK.

Estate and gift tax

Under the Estate Tax Convention, a US holder generally is not subject to UK inheritance tax.

Payments under loan capital guarantees

It is unclear whether, under current UK law and Inland Revenue practice, the Bank would be required to deduct or withhold UK income tax from any payment of interest made to residents of the United States in respect of the guarantees given by the Bank in relation to the long-term debt issue by Barclays North American Capital Corporation. However, the terms of such guarantees impose a grossing up obligation on the Bank, subject to limited exceptions, in regard to any payment thereunder which is subject to any such deduction or withholding.

Exchange controls and other limitations affecting security holders

Other than certain emergency restrictions which may be in force from time to time, there are currently no UK laws, decrees or regulations which would affect the transfer of capital or remittance of dividends, interest and other payments to holders of Barclays securities who are not residents of the UK. There are also no restrictions under the Articles of Association of either Barclays PLC or the Bank, or under current UK laws, which limit the right of non-resident or foreign owners, to hold Barclays securities or, when entitled to vote, to do so.

Shareholder enquiries

Investors who have any questions about their investment in Barclays, or about Barclays in general, may write to:

Head of Investor Relations,
Barclays PLC,
54 Lombard Street,
London EC3P 3AH

or, in the United States of America,

The Corporate Communications Department,
Barclays Bank PLC,
222 Broadway,
New York, NY 10038, USA.

Registered and Head office:
54 Lombard Street,
London EC3P 3AH.
Tel: 020 7699 5000

Registrar:
The Registrar to Barclays PLC,
PO Box 82,
The Pavilions,
Bridgwater Road,
Bristol BS99 7NH.
Tel: 0870 702 0196

ADR depository:
Morgan Guaranty Trust Company of New York,
c/o EquiServe JP Morgan Service Centre,
PO Box 842006,
Boston,
MA 022842006, USA.

Tel: (781) 575 4328
Fax: (781) 575 4082

Group senior management and principal offices

Barclays Bank PLC
54 Lombard Street
London
EC3P 3AH
Tel: 020 7699 5000

Sir Peter Middleton GCB Chairman
Matthew Barrett Group Chief Executive
John Stewart Deputy Group Chief Executive and Chief Executive, Retail Financial Services
Chris Lendrum Chief Executive, Corporate Banking
John Varley Group Finance Director

Group Central Functions
54 Lombard Street
London
EC3P 3AH
Tel: 020 7699 5000

Allan Barr Director, Solutions
Andrew Bruce Group Credit Risk Director
Leigh Bruce Communications Director
John Cotton Group Property Services Director
Gary Dibb Group Chief Administrative Officer
Peter Gallant Group Treasurer
Peter Herbert Group VBM Director
Richard Meddings Group Financial Controller
Ian Menzies-Conacher Group Taxation Director
Geoffrey Mitchell OBE
Chief Accountant
Tim Shephard-Walwyn Group Risk Director
David Storey Director, Group Internal Audit
Howard Trust Group General Counsel and Group Secretary

Service Provision
54 Lombard Street
London
EC3P 3AH.
Tel: 020 7699 5000

David Weymouth Managing Director and Chief information Officer Barclays Group
Toby Broome Group Purchasing Director
David Cartwright Managing Director, Service Delivery
David Curd Risk Director/Group IT Risk Director
Allan Hodges Finance Director
David Postings Managing Director, Strategy Performance & Client Services
Christian Torkington Managing Director, Service Integration
Sue Turner Human Resources Director

Retail Financial Services
Murray House
1 Royal Mint Court
London
EC3N 4HH
Tel: 020 7977 7000

John Stewart Chief Executive
John Eaton* Managing Director, UK Retail Products
Gary Hoffman Managing Director, Strategic Marketing & Distribution
Bob Dench* Managing Director, Investment Management.
Jane Platt* Managing Director, Stockbrokers
Lynne Peacock* Chief Executive, Woolwich
Bob Hunter Managing Director, Wealth Management
Eduardo Arbizu* Chief Executive Officer and Group Country Manager, Iberia
Michael Pinder* Managing Director, Offshore Services
Charles Middleton* Managing Director, Carribean
William Oullin* Managing Director, Private Banking
John Church* Managing Director, UK Premier Banking
Henri-Paul Pellegrino* Country Manager, France
Ian Poston Chief of Staff
Mark Clarke Finance Director,
Imelda Walsh Human Resources Director

Barclaycard
1234 Pavilion Drive
Northampton
NN4 7SG
Tel: 01604 234 234

Bob Potts Barclaycard Chief Executive Officer
Peter Crook* Managing Director Barclaycard UK
Mark Evans* Managing Director Barclaycard Corporate
Barry Fergus* Managing Director Barclaycard International
Richard Sommers Finance Director
Phillip Barr Director Human Resources

Business Banking
54 Lombard Street
London
EC3P 3AH
Tel: 020 7699 5000

David Roberts* Chief Executive
Peter Harvey Managing Director, Larger Business and Europe
Alastair Camp Managing Director, Medium Business and Agriculture
Mike Rogers Managing Director, Small Business, Start-ups and Direct
Robert East Managing Director, Product and Marketing Services
Andy Simmonds Business Risk Director
Mark Wells Director, Human Resources
Chris Willford Finance Director
Martin Turner Servicing & Transformation Director

Barclays B2B.com
Fleetway House
25 Farringdon Street
London
EC4A 4LP

Alison Hutchinson* Chief Executive Officer

Barclays Africa
Murray House,
1 Royal Mint Court,
London
EC3N 4HH.
Tel: 020 7977 3000

Dominic Bruynseels* Managing Director, Barclays Africa

*Strategic Business Unit head

Barclays Capital
5 The North Colonnade,
Canary Wharf
London E14 4BB
Tel: 020 7623 2323

Hans-Joerg Rudloff Chairman
Robert E Diamond Jr. Chief Executive
Sir Leonard Appleyard KCMG Vice
Chairman
Cyrus Ardalan Vice Chairman
Euan Harkness Vice Chairman
Roger Davis Chairman and Chief
Executive, Asia Pacific
Jerry Del Missier* Managing Director
Paul Idzik Chief Administrative Officer
Roger Jenkins* Managing Director
Thomas L Kalaris* Chief Executive,
Americas
Naguib Kheraj* Global Head of
Investment Banking
Gerard LaRocca Chief Financial Officer
Robert Morrice* Managing Director

Barclays Global Investors
45 Fremont Street
San Francisco
CA 94105 USA
Tel:(00 1) 415 597 2000

Patricia Dunn* Global Chief Executive
Garrett Bouton Chief Executive, Global
Individual Investor, Canada, Australia
and SEA
Alison Davis Chief Financial Officer
and Head of Corporate Development
Blake Grossman Chief Investment
Officer, Advanced Active Investments
John Martinez Co Head, Global Index
Markets Group
Kazihusa Okamoto Chief Executive,
Japan
Andrew Skirton Chief Investment
Officer, Co Head, Global Index and
Markets Group
Paul Stevens Head of Global Technology
Lindsay Tomlinson Chief Executive,
Europe
Andrea Zulberti Head of Global
Operations and Global Chief
Administrative Officer
Jean Hinrichs Global Risk Director
Jeff Seretan Head of Global Human
Resources

Barclays Bank of Botswana Limited,
Botswana
PO Box 478, Gaborone, Botswana
Tel: (00 267) 352 041

Duncan Mlazier Managing Director

Barclays Bank PLC, Caribbean
PO Box 180, Rendezvous
Christchurch
Barbados, W.I.
Tel: (00 246) 431 5300

Charles Middleton Senior Caribbean
Director

Cairo Barclays Bank SAE, Egypt
PO Box 110
Maglis EL Shaab
Cairo
Egypt
Tel: (0020) 2 366 2700

Wagdi Rabbat Managing Director

Barclays Bank PLC and Barclays Capital,
France
183 Avenue Daumesnil
75575 Paris Cedex 12
France
Tel: (00 33) 1 55 78 78 78

Henri-Paul Pellegrino General Manager
Jean Barbizet Managing Director

Barclays Bank PLC and Barclays Capital,
Germany
Brockenheimer Landstrasse 38-40,
D60323, Frankfurt am Main.
Germany
Tel: (00 49) 69 71 61 00

Dr Rainer Stephan Managing Director

Barclays Bank of Ghana Limited, Ghana
PO Box 2949
Accra, Ghana
Tel: (00 233) 21 664 901/665 382

Kobina Quansah Managing Director

Barclays Bank PLC, Gibraltar
PO Box 187, Regal House,
Queensway, Gibraltar
Tel: (00 350) 78565

Ian Currie Gibraltar Director

Barclays Bank PLC, Hong Kong and
Barclays Capital Asia
42nd Floor, Citibank Tower
Garden Road Central
Hong Kong
Tel: (00 852) 2903 2000

Roger Davis Chairman and Chief
Executive, Asia Pacific

Barclays Bank PLC and Barclays Capital,
India
21/23 Maker Chambers VI, 2nd Floor
Nariman Point
Mumbai 400 021
India
Tel: (00 91) 22 284 2888

Kamal Kalkat Chief Executive Officer

Barclays Bank PLC, Ireland
47/48 St. Stephen's Green
Dublin 2
Republic of Ireland
Tel: (00 353) 1 6611777

Paul Shovlin Managing Director

Barclays Bank PLC and Barclays Capital,
Italy
Via della Moscova 18
20121 Milan
Italy
Tel: (00 39) 02 63 721

Hugh Malim Country Manager

Barclays Bank PLC and Barclays Capital,
Japan
15F Urbannet Otemachi Building
2-2-2 Otemachi
Chiyoda-Ku
Tokyo 100-0004
Japan
Tel: (00 81) 3 3276 1100

Jeffrey Deck President and Chief
Executive

Barclays Bank of Kenya Limited, Kenya
PO Box 30120
Nairobi
Kenya
Tel: (00 254) 2 332 230

Isaac Takawira Managing Director

Barclays Bank PLC and Barclays Capital,
Latin American Regional Office
1111 Brickell Avenue
Miami
Florida 33131
USA
Tel: (00 1) 305 533 3333

Enrique Arias Deputy Chief Executive
Officer

*Strategic Business Unit head

Barclays Bank PLC, Mauritius
 PO Box 284
 Port Louis
 Mauritius
 Tel: (00 230) 2082685

Jacques De Navacelle Managing Director

Barclays Bank PLC, Portugal
 Avenida da Republica
 50-3rd Floor
 1050-196 Lisbon
 Portugal
 Tel: (00 351) 21 7911100

Joao Freixa General Manager

Barclays Bank (Seychelles) Limited, Seychelles
 PO Box 167
 Mahe, Seychelles
 Tel: (00 248) 383838

Paul Witkowski Managing Director

Barclays Bank PLC and Barclays Capital, Singapore
 23 Church Street
 13-08 Capital Square
 Singapore 049 481
 Tel: (00 65) 395 3000

Quek Suan Kiat Branch Manager
James Loh Vice Chairman, Barclays Capital, Asia Pacific Region

Barclays Bank PLC and Barclays Capital, South Africa
 261 Oxford Road
 Illovo 2196
 Johannesburg
 South Africa
 Tel: (00 27) 11 441 6300

Philip Howell Managing Director

Barclays Bank SA, Barclays Bank PLC and Barclays Capital, Spain
 Apartado de Correos 1075
 28080 Madrid
 Spain
 Tel: (00 34) 1 336 1000

Eduardo Arbizu Chief Executive and Group Country Manager
Pedro Santaella Managing Director, Barclays Capital

Barclays Bank (Suisse) S.A.
 PO Box 3941
 CH-1211 Geneva 3
 Switzerland
 Tel: (00 41) 22 81 95 11

Paul Brown Chief Executive Officer

Barclays Bank Tanzania Limited, Tanzania
 PO Box 5137, TDFL Building
 Ohio Street, Dar es Salaam
 Tanzania
 Tel: (00 255) 22 2129381

Mark Petchell Managing Director

Barclays Bank PLC and Barclays Capital, USA
 222 Broadway
 NY 10038
 USA
 Tel: (00 1) 212 412 4000

Thomas L Kalaris Chief Executive

Barclays Global Investors, N.A.
 45 Fremont Street
 San Francisco
 CA 94105 USA
 Tel: (00 1) 415 597 2000

Patricia Dunn Global Chief Executive

Barclays Bank of Uganda Limited, Uganda
 PO Box 2971
 Kampala
 Uganda
 Tel: (00 256) 41 230972

Frank Griffiths Managing Director

Barclays Bank of Zambia Limited, Zambia
 Kafue House
 Cairo Road
 Lusaka
 Zambia
 Tel: (00 260) 1 228 858

Margaret Mwanakatwe Managing Director

Barclays Bank of Zimbabwe Limited, Zimbabwe
 PO Box 1279
 Jason Mayo Avenue
 Harare
 Zimbabwe
 Tel: (00 263) 4 758 280

Alec Jongwe Managing Director

Woolwich plc
 Watling Street
 Bexleyheath
 Kent
 DA6 7RR
 Tel: 020 8298 5000

Lynne Peacock Chief Executive



Barclays PLC
Head Office
54 Lombard Street
London EC3P 3AH
Tel 020 7699 5000
www.barclays.com